Saturday Night

Canada's Magazine of Business and Contemporary Affairs

APRIL 11TH 1959 20 CENTS

A PRIMER OF QUEBEC POLITICS

by Miriam Chapin

The Case Against Fixed Freight Rates

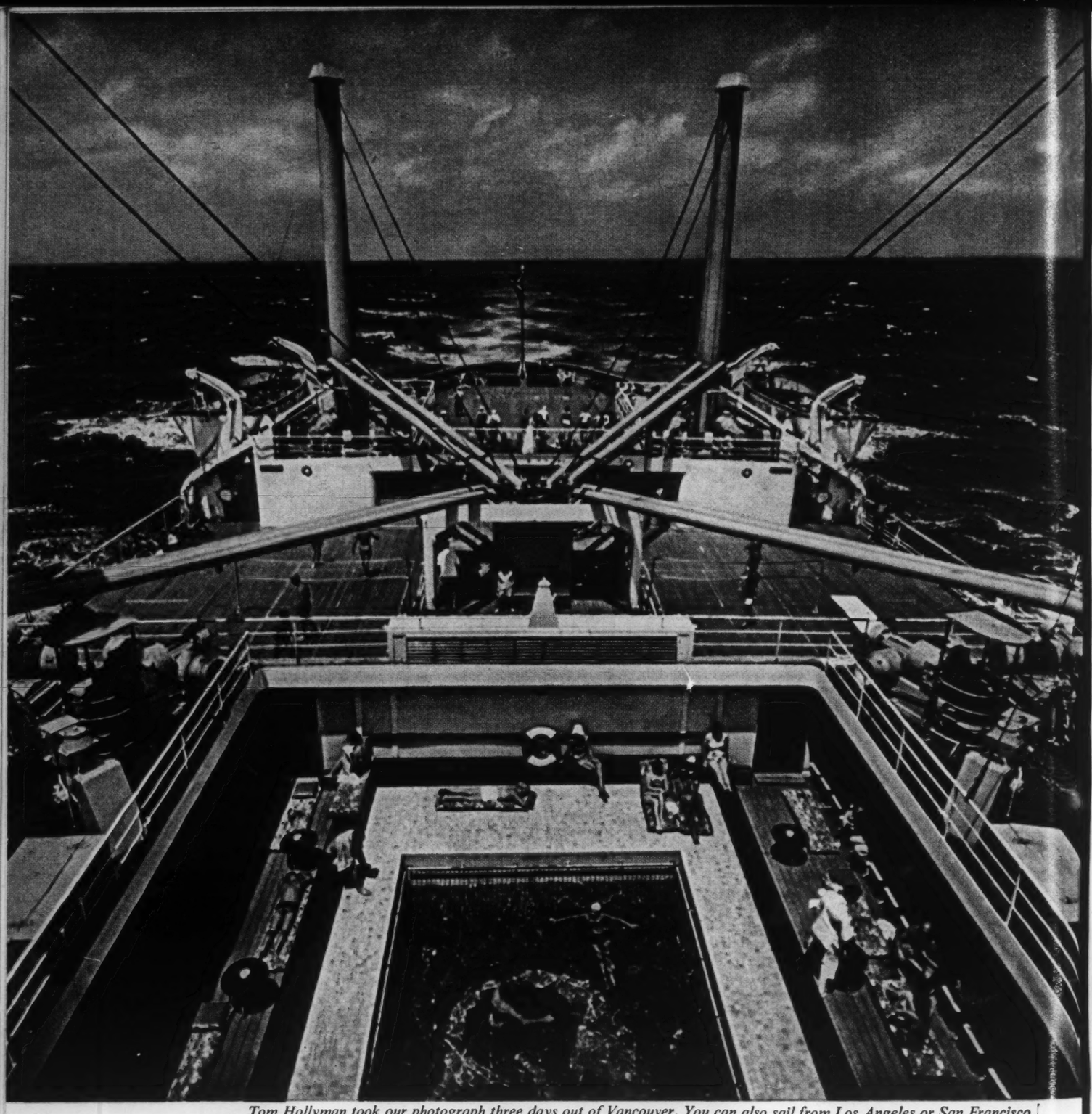
by Robert Jamieson

Canadian Indians — or Just Canadians?

by Marcus Van Steen

Special Spring Book Review Supplement

roxy Fighter: Strong Arm for Shareholders



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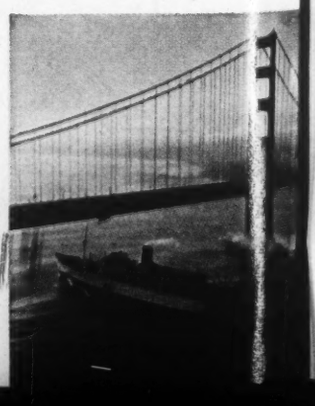

April 11, 1959

Saturday Night

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Managing Editor: Herbert McManus
Business Editor: R. M. Baiden
Art Director: Alan Mercer

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INSIDE STORY

While, at the close of the winter of 1958-59, most people feel like giving the whole country back, the Indians on the other hand, are having trouble getting a modest portion. On the Six Nations Reserve, near Brantford, the hereditary chiefs recently staged a "peaceful revolution" against the elected council. What this means, in terms of the wider context of the entire Indian population, is told by **Marcus Van Steen** on pages 9 to 11.

Quebec provincial politics are so complicated that outsiders generally give up any attempt at understanding them. Now the "long knives" are out once more and **Miriam Chapin,** correspondent for the *Christian Science Monitor* and an expert in the field offers, on Page 12, an interpretation in "basic English".

Canada's traditional concept of the family farm is rapidly giving way to "vertical integration" or "contract farming". The results, both social and economic will affect every Canadian. **Peter Hendry,** a veteran farm affairs writer, outlines the forces causing the revolution, what is being done to cushion the effects of coming changes and what these changes will mean to other Canadians, on Page 14.

Trouble area with the greatest potential danger is today, unquestionably, Africa. On Page 16 **Penelope Ketchum,** a writer who lives in the Central African Federation, discusses the "Political Volcano in Nyasaland". analyses the motives and fears of the ruling whites and the ambitions of the native politicians.

The freight rate problem is again agitating Canadians. Western farmers feel they are discriminated against in favor of the west coast and easterners say transportation costs cut off much of the central Canada market. Just about everybody, in fact, says our freight rate structure is wrong. **Robert Jamieson,** SATURDAY NIGHT's Montreal correspondent shows how these rates got to be the way they are and what one railway, the CPR, thinks should be done about it, on Page 20.

Is Canada's defence planning becoming influenced by the first tinges of "Neutralism"? And, if so, is this a bad thing? On Page 23 Professor **Maxwell Cohen** argues the case for abandoning the spending of large sums on ineffectual defence and concentrating on the things which Canada can really do well and thus make the most effective contribution.

Letters

Unjustified

As a responsible citizen (by birth) of this country I feel a compelling duty to come to the assistance of Mr. Celovsky who was unjustly criticized by Mr. Owens in a most scathing manner in your issue of March 14.

First I would like to point out that Mr. Celovsky in no way suggested that the difficulties he experienced in this country were the fault of its citizens. The article as written by Mr. Copps, and I think admirably so, is a sympathetic appreciation of the trials and triumphs of a man in a new country and can in no way be construed as ungrateful whining on the part of Mr. Celovsky.

Mr. Owen suggests that Mr. Celovsky should be overcome with gratitude in the assistance he has received from this country in furthering his education. I am sure Mr. Celovsky is grateful for this assistance, nevertheless the meagre income of a graduate student presents many hardships to which few people would care to expose themselves. I feel qualified to say this for I also furthered my education under the same circumstances. The personal sacrifices that must be made, the perserverance and undivided attention that must be given to completion of a successful thesis merit praise and admiration for the student. Mr. Celovsky has shown the necessary qualities to merit the grants and has lived up to all expectations as indicated by the numerous demands for his works.

Finally I would like to say when I first read Mr. Copps article I was immediately impressed by the clarity and precision with which Mr. Celovsky appraised the status of applied law by his alleged statement ". . . that applied law is not concerned with truth, or even what is right or wrong. It is just a means of using and getting along with rules that might be right or wrong. Communists and Nazis can still be good lawyers."

I have experienced Canadian law and my opinions are similar to those of Mr. Celovsky. Perhaps my opinion should be questioned since my profession is research in the physical sciences. But this should not be interpreted as a slanderous and deprecative statement of the stature of Canadian law or character of its lawyers. Mr. Celovsky's statement was intended for applied law in general and when its structure and functions are profoundly analyzed the conclusions are obvious.

The Judicial Structure of any country is imperfect, being man-made and based on relative and not absolute truth. Laws are continually being modified to cope with the changing situation and the purpose of lawyers is to interpret these laws. Lawyers sometimes find to their dismay that this can be a difficult task — because their contemporaries wish to interpret these same laws to their own convenience. Because our society is imperfect laws must change and not infrequently the changes are for the worse when considered in the moral order.

Communists and Nazis can make good lawyers if by good lawyers we mean unbiased interpretation of the party's dictums. Totalitarianism of any form is evil but who would be so naive to say that democracy as we know it today is perfect? It is a simple matter of degree of perfection.

I congratulate Mr. Celovsky for his courage and candor. Our society would surely be endangered if we smugly closed our minds to the experiences of men from whatever country they may be.

EDMONTON — W. V. YOUDELIS M.SC., PH.D.

Well-loved Canada

In your issue of March 14, H. H. Watson suggests an amendment to the first line of "O Canada". He would like it read: "O Canada! Our home and adopted land," to make it applicable to New Canadians. Obviously, this correction would ruin the line; the extra syllable spoils the rhythm.

Incidentally, I would like to point out that a better amendation would be: "O Canada! Our home, our well-loved land." The line would then scan and the newcomer would not have to call his adopted country, his native land. And there would be nothing to chill the native son.

WINNIPEG — ARTHUR S. J. SIMPKINS

Smog and Charm

What a pity that the Editor of SATURDAY NIGHT should so lower the standard of that excellent paper by publishing the vitriolic London Letter by Mr. Beverley Nichols. The unfortunate man must be suffering from jaundice or too much smog, as apparently the only thing that he finds good in England is the Wolfenden Report.

He would possibly find everything more to his taste in the cities of North America, for instance the great arterial roads where he can speed past bill boards and gas stations for scenery. The charm of England, with its delightful villages and country roads, (incidentally I found the surfaces amazingly good) is obviously lost on him.

I doubt if Mr. Nichols' eulogy will be appreciated by people who love England.

VICTORIA — Z. WOOD

Articulate Unitarians

In February 14 issue you published a letter from Edwin Bowen charging undue Unitarian presence in SATURDAY NIGHT and implying that a withering of free religion is in progress. May I point out the inaccuracy of Mr. Bowen's assumptions in the following.

During the period 1940-1956, while the population of the United States increased by 30% and Protestant membership increased by 59%, Unitarians increased their numbers by 65%. In Canada, Unitarian membership has more than doubled during the same period and numbers now about 4,000.

There are today more than 600 Unitarian groups in North America, of which 245 are new small fellowship units. Twelve such fellowships in the past church year have become full-fledged churches of more than 65 families. In 1945 there were 14,500 children in Unitarian Church Schools, on the continent; in 1957 there were 47,500.

Unitarians have always been a comparatively small but articulate group (among our writers have been Ralph Waldo Emerson, Henry David Thoreau, Nathaniel Hawthorne, Henry Wadsworth Longfellow, Herman Melville and Louisa May Alcott) and if it seems to Mr. Bowen that we command more than our per capita share of space in SATURDAY NIGHT and other periodicals, may I say it is not unusual.

We consider that among us are many thinking people, concerned about the problems of our society, and it is normal for such people to believe in making their thoughts known by means of the written word.

TORONTO — BARBARA KIELY

The Vanishing Irish

No! This is not a traditionally fiery and indignant outburst by an Irishwoman in defense of her country's national genius. But can the subject be pooh-poohed so lightly as you have done in SATURDAY NIGHT of Feb. 28? Naturally all generalizations are fallacious, be they about the Irish or any other people. But the impressive body of Irish writers loved the world

over, can hardly be dismissed by a mere shrug of the shoulders and an inconclusive explanation of their deftness with the English language. Language is, after all, only a tool.

But compare the "easygoingness" of the people in Ireland (a characteristic trait—yes, I know, I am generalizing! . . .) with the far more vigorously planned lives of people in other countries—where there is too little time for dreaming and little or no desire for individuality. Consider the complete lack of pragmatism in the Irish compared with the highly materialistic outlook of life predominant elsewhere.

Think of the misery and hardship in which so many Irish people live, strongly silhouetted against beauty and poetry. Think too, of the daily spectacle of a people, whose religion has made them fatalists, reducing life here below to a transient phase of suffering for which there will be ample reward in the much glorified hereafter.

Statisticians tell us that before long "The vanishing Irish" will have disappeared as a people . . . The world will be a far poorer place without them.

EDMONTON — INGE ISRAEL

Stroke of the Pen

Cardinal Leger's pastoral letter on unemployment (reprinted in SATURDAY NIGHT) deserves the highest commendation . . . Because of his position, perhaps his voice will be listened to more than that of a half-million unemployed men.

He has exhorted the leaders of industry and finance to invest their money and expand the economy—even though they may suffer a loss by doing so. He has exhorted the workers to abstain from holding more than one job—even though they need the extra income. He might also have urged consumers to spend more and more until they were up to their ears in debt.

All this would postpone the coming of depression—but nothing more. Private individuals can prevent unemployment about as effectively as the passengers on a bus can change its course by shifting their weight from one side to another. Let us not blame the entrepreneurs or the workers or the consumers if the bus goes off the road.

There are only two men who can steer us away from depression and unemployment. They are the men at the steering-wheel: the Prime Minister and the Finance Minister. These men could end unemployment in one month with a stroke of the pen with no loss to themselves and with a great increase in their prestige and popularity.

If they would take the burden of taxes off industry, they would make it profitable for businessmen to expand. If our incomes were not stripped from us by taxes, we would have more money to invest.

In particular I agree with the Cardinal's paragraph which begins: "A reform of

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the economy is necessary and it is possible." In his next letter, I hope he will point the finger of blame directly at the men who must be held responsible if unemployment continues . . . These men were chosen by the Canadian people to make this nation strong and prosperous. We all pray that they will live up to the trust that was placed upon them.

NEW WESTMINSTER E. F. WEIR

Newsprint Costs

When I received my last issue of SATURDAY NIGHT, I was reminded that I had promised you some explanation for the figure of $1,200,000 extra cost to the Anglo-Newfoundland Development Co. if the Conciliation Board's recommendations had been accepted.

Without going into details, it may be roughly calculated as follows:

Total wages spent to produce and deliver one rough cord of wood to the mill in Grand Falls—approx.	$20.00
5c/hr. increase in hourly rate and equivalent increase in piecework rates (approx. 4.75% increase) 20.00 @ 4.75%	.95
	$20.95
Reduction from 10 hr. day to 9 hr. day with no decrease in take home pay (11% increase) 20.95 @ 11%	2.31
	$23.36

Total increase = $3.26/rough cord.

To produce 240,000 tons of newsprint and 20,000 tons of sulphite pulp requires 360,000 rough cords of wood.

The increased wage cost is therefore,

360,000 x 3.26 = $1,173,600

There are other costs to add to this, such as increased horses' feed, equipment, rental, etc. due to operating the camps more days with a shorter work day.

Anglo-Newfoundland Development Co. Ltd. C. R. TITTEMORE, *Mill Manager.*

GRAND FALLS

Politesse

Re your editorial "A Good Question", can't it be generally accepted that political opposition shouldn't involve personal enmity?

Surely your correspondent didn't expect Premier Diefenbaker to make a speech in terms of the pipe-line debate at the official presentation of the St. Laurent portrait; or even, to carry things a step further, to apply closure to the unveiling.

OTTAWA JOSEPH L. ROY

Final Notice

In view of his own speeches and actions, Premier Joseph Smallwood's charges against the IWA—that it had "precipitated violence and disrupted the provincial economy"—sound peculiar to say the least. The Premier himself has been behaving like a landlord who burns the house down in order to get rid of an uncongenial roomer.

WINDSOR P. T. BARNES

Game of Tag

Apparently Premier Smallwood doesn't know, or doesn't care, that it was the unions and not the U.S. Government that first exposed and attacked Hoffa. Actually, the Hoffa tag is as repellent to most union workers as the name "Newfie" to most Newfoundlanders.

HALIFAX W. S. BILTON

Boomerang

For years we have been complaining that Canada exports her best brains to the U.S.A. Now we have the spectacle of America's Democratic Party following the economic lead of Canada's Professor Galbraith, whose ideas seem as wildly unbalanced as the deficit budget he recommends. Since Washington tends to set the economic pattern for Ottawa, this country, too, may eventually find itself taking off in the dizzy trajectory described by Anthony West in "Odin's Pig".

Maybe the U.S. Immigration authorities should examine the heads as well as the passports of applicants at the border. And maybe Canada should make still stronger efforts to keep her "best brains" at home where at least they can't boomerang.

TORONTO L. E. ROSS

Cheerio!

After reading your March 22 issue I am now resigned to the thought of winding up in a branch of the nation's workhouse collective, living on government issues of salt-pork (probably from Odin's Pig) which a depressed Newfoundland logger would reject, and consoling myself with the thought that at least the government can't take any more taxes from me to throw away on muddled defence plans that were never expected to work in the first place.

VANCOUVER M. S. TURNER

Northern Riddle

If our muddled and abortive Northern defence lines do nothing else they may at least offer future anthropologists, if any survive nuclear holocaust, an interesting field for speculation. The significance of these curious erections (Art? Expansion? Totemism?) should provide endless material for research thesis. In fact the post-nuclear investigators will probably have almost as fascinating a time as our present-day anthropologists have in trying to figure out Easter Island.

VICTORIA WALTER VEALS

Comment of the Day

At the Summit

A SUMMIT MEETING is obviously going to be tried. What can it achieve?

First, there will be negotiation and any negotiation is better than war, and, since Mr. Khrushchev is the boss man in the USSR, he is the only one who has any power to negotiate. If there is any flexibility in Russia's attitude he alone is the person who can authorize it and interpret it.

Secondly, there must be preliminary talks amongst the Western powers before the meeting with Mr. Khrushchev. Such talks may evolve a much more rational and agreed approach to world problems than they have so far reached. General de Gaulle is a long way from the German position on the re-unification of Germany, and Mr. Eisenhower and Mr. Macmillan are conscious of the differences in public opinion in their two countries.

Thirdly, such a conference may, even if Mr. Khrushchev uses it for propaganda, be ultimately beneficial for world opinion. But in order to make a good impression on world opinion, the Western leaders must now be considering how to stand firm on matters of principle without seeming utterly inflexible. It would be a disaster, for example, if Mr. Khrushchev could make it appear that it is the west which says "leave Berlin alone, or we will fight". What must be conveyed to the rest of the world is that the west will fight for the principles of democracy in which it believes, but is not seeking a war.

If President Eisenhower is looking for a text as he approaches the meeting, he could do worse than memorize a statement made in the *New York Times* editorial columns: "This country cannot possibly start an aggressive war against the Russians or any other nation. Our public simply would not support such a war and there is no way under heaven in which our government could compel 90 per cent of the citizenry to do what they think is wrong".

That is why we seek the summit; and that reason should be widely known in the world.

Books Galore

NEXT WEEK is Canadian Library Week during which a committee of eminent publishers, librarians and educationalists will work to show the public the basic value of the printed word. According to their manifesto, they "want to remind Canadians what the printed word means to free men in a free society . . . to stimulate more Canadians to open their minds . . . to reveal to Canadians some of the treasures which are theirs for the reaching".

This is a noble effort and in arranging for our spring book reviews to coincide with this we are doing our own small part towards it.

But we are heartened about the printed word. Radio did not kill it, television has not killed it. In the past thirty years it has withstood the shock, too, of the talkies and the increasing use of the telephone. Easier conversation and communication notwithstanding, newspapers have a higher circulation than ever before in their history, as do magazines and books.

Television and radio, in fact, have sent more people back to the book shelves of the library than they have taken away from them. And since these shelves in Canada are managed by energetic, resourceful and skilled librarians, we reckon that most of the people will keep on going to the shelves long after their initial curiosity in a particular problem has been satisfied.

A book, said John Milton, is the precious life-blood of a master spirit. We don't seem to be in any real danger of forgetting that, especially when such determined efforts are made as that by the eminent committee of Canadian Library Week.

Rain on Request

TWO YOUNG CANADIANS, Paul S. Denison and Bernard Power, have given up just grumbling about the weather—they are going to do something about it. Having lived with its vagaries for several years in the Dominion Weather Service, in 1954 they founded their own weather engineering company in Montreal to try to control it.

With the backing of the Gatineau Power Company, several paper companies and some forest protection associations, they started experiments with cloud seeding in an eight thousand square mile test area in the Upper Gatineau.

Of the twenty-eight months they have now worked on this project, twenty-three have provided valid statistical data. This data shows that the rainfall has been artificially increased by 17.7 per cent over the twenty-three month period. This percentage represents over twenty additional inches of water or, in terms of volume, an extra 400 billion cubic feet. [In April, this may seem unnecessary interference.]

The cost of this long experiment has been low and the techniques developed as a result of it will mean a ratio of benefit to cost estimated in the range of 25 to 1 up to 100 to 1. As the report recently published states: "The benefit depends, of course, on the use to which the water is put and its market value in the area under consideration".

These cloud seeders do not work from an aeroplane since aeroplanes can fly less efficiently in the kind of storm conditions which they seek to exploit. As Denison explains: "We can't create storm situations. What we do is assist nature when they are there. Nature is notoriously inefficient as a rainmaker, and precipitates only about five per cent of available moisture in any storm situation. We, therefore, stimulate her to send down a bit more."

What this company does is to release silver iodide from ground generators which is then whirled upwards by vertical air currents that occur naturally under storm conditions.

The report by Denison and Power confirms an earlier, less complete report from the United States written by President Eisenhower's committee on weather control. There is little doubt now left that intelligent cloud seeding can produce rain and snow when those industries that depend on either need them. And in a several hundred mile wide strip of Canada from the Atlantic to the Pacific most companies do. For Mr. Denison and Mr. Power, the outlook, so long as it is stormy, seems, paradoxically enough, bright.

Democracy in Action

THE SOUND OF ELECTIONS is heard throughout the land. Even discounting the dramatic offer to resign made by Premier Smallwood in Newfoundland, there are still three provinces in which an election seems, or is, imminent.

In Ontario, it must come either within the next month or in the fall. Premier Frost is being cagey about announcing anything definitely on the assumption that the more rope he gives the Liberal and CCF opposition, the more fantastic they will become in their charges and the easier it will be for him to get re-elected.

In Manitoba, Mr. Duff Roblin, head of a minority government, seems to have made his position clear by tabling the

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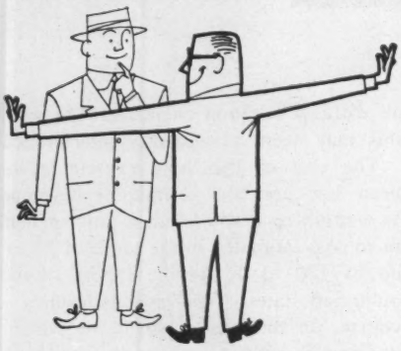

"You should 've seen the one that got away"

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public estimates in the Legislature before Easter, when the Opposition declined to have a budget debate. Mr. Roblin's estimates are sufficiently interesting to provide a very solid platform for him to campaign on when he fights an election on May 14.

In Nova Scotia, Premier Stanfield is contemplating an election. With the distressed economic conditions of the Maritimes and the furore caused by Premier Smallwood in Newfoundland, there will be a good deal of acrimony if he does.

As these provinces prepare for the polls, we can predict that very few people will turn out for the election. The majority of provincial electors in Canada grumble about their government after a minority of enlightened electors has put them in. Such grumblers might bear in mind a remark by Matthew Arnold:

"If the executive government is really in the hands of men no wiser than the bulk of mankind, of men whose action an intelligent man would be unwilling to accept as representative of his own action, whose fault is that? It is the fault of the nation itself, which, not being in the hands of a despot or oligarchy, being free to control the choice of those who are to sum up and concentrate this action, controls it in such a manner that it allows to be chosen agents so little in its confidence, or so mediocre or so incompetent."

Democracy, in other words, has to be made to work. It can't function well on its own.

Mr. Coyne on Inflation

WHEN SATURDAY NIGHT recently outlined how Canada could best fight inflation (How the Banks Can Halt Inflation, SN February 28) it had no idea its views would be so strongly supported by so august an authority as the governor of the Bank of Canada.

The essence of the Bank's position concerning inflation is contained in this sentence by its governor, J. E. Coyne:

"Looking back over . . . the past 10 years or so, I cannot escape the conclusion that we could have achieved as great an increase in output and employment, and at the same time avoided many of the difficulties and hardships caused by inflation, or fear of inflation, if governments and central banks had given higher priority to maintaining the value of money."

It is, of course, generally accepted that the Bank of Canada has been much more concerned about the problems of inflation in recent years than the incumbent governments—both Liberal and Conservative—have been. Even so this is the strongest, most explicit exposition of the Bank's position.

There is also strong evidence to suggest the central bank is acting to maintain

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the value of money. Recent sales of treasury bills have carried the Bank of Canada's discount rate to the highest level on record. There is a good deal of support for the thesis that this increase, while temporarily producing such effects as lower bond prices, will work toward the long-range stability of Canada's economy. It may well signal the end of "artificially cheap money". If it does, we wish Mr. Coyne all success in his actions, and will refrain from saying "We told you so" too audibly.

The Performing Arts

THOSE OF US who are fed up with seeing ballet put on in hockey rinks and theatre staged in barns, church halls or high school auditoriums will note with pleasure that better accommodation for the performing arts is now being built in this country.

In Calgary and Edmonton, royalties from oil fields have already built two good-sized and attractive auditoriums. In Toronto, the O'Keefe Centre for the Performing Arts has appointed a publicity director (Mary Jolliffe from the Stratford Shakespearean Festival) and has already held one press party.

In Montreal plans are afoot for a Place des Arts situated between St. Catherine, Jeanne Mance, Ontario and St. Urbain Streets.

Vancouver is making encouraging though exploratory steps in the right direction and we hope that Winnipeg will soon follow suit.

The building of auditoriums will not itself make Canada a great nation. But the kind of intelligent participation and enthusiastic contemplation which great art performed in well-designed surroundings stimulates may condition the audience to try harder to make it great. And that is a step in the right direction.

The Olympic Oath

WE SEE THAT TWO French sports writers are going to be sued for spectacular sums because they have dared to challenge the validity of the Olympic oath. They maintain that the whole conception of amateurism in sport is exceedingly shop-soiled now and there are few real amateurs left.

Before the Olympic Committee get so cross at the two French writers who have pricked their somewhat hypocritical bubble, they should perhaps give some time to studying their own situation. Amateurism in sport was possible only when gentlemen of private means indulged in it. The number of gentlemen left in the capitalist world is few, taxes being what they are, and in the sense of self employment there never have been any in the totalitarian world. Maybe a new oath would be better and more honest than trying to preserve the old by elaborate and often meaningless hedgings.

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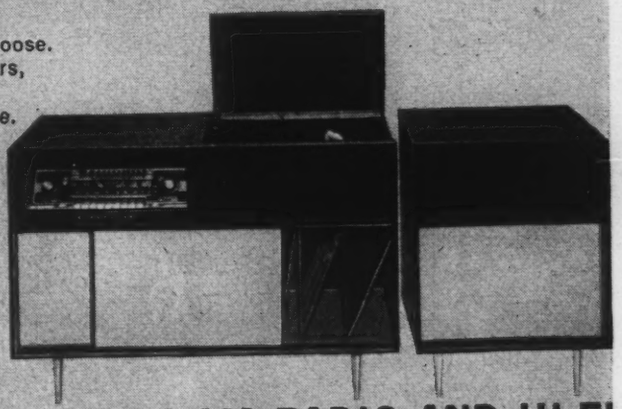

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NO PAR VALUE
COMMON SHARES
DIVIDEND NUMBER 207

A dividend of twenty cents (20c) per share for the quarter ending March 31, 1959 payable May 25, 1959 to shareholders of record April 14, 1959.

NO PAR VALUE
CLASS "A" COMMON SHARES
DIVIDEND NUMBER 9

A dividend of thirty three and one third cents (33 1/3c) per share payable May 15, 1959 to shareholders of record April 19, 1959.

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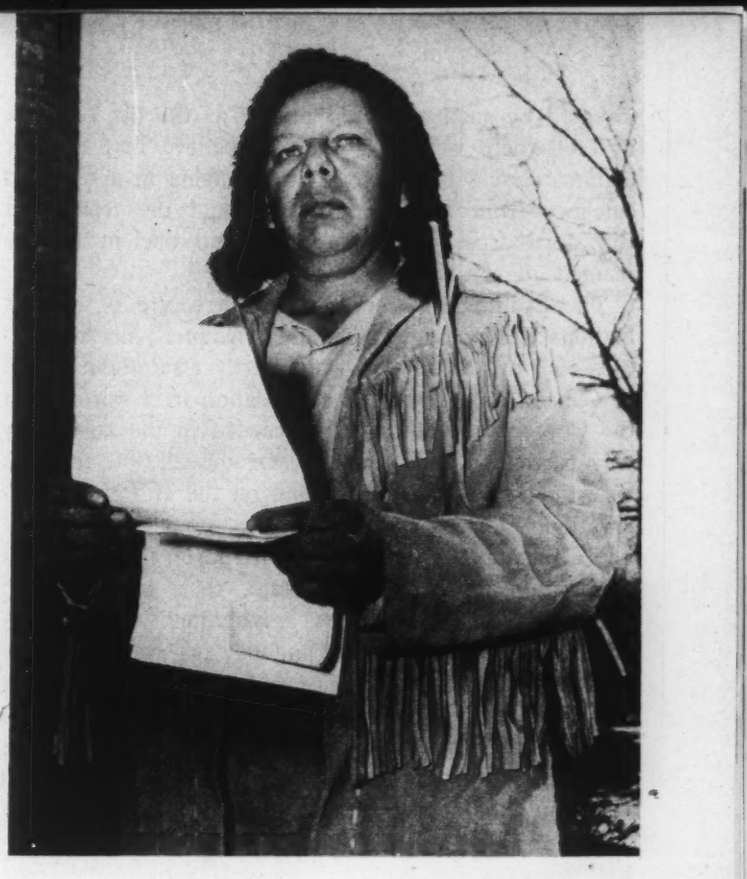
Canadian Indians – or Just Canadians?

by Marcus Van Steen



Mohawk Chief Sylvanus General reading the proclamation to restore the Hereditary Chiefs to leadership of Six Nations Confederacy "by constitution".

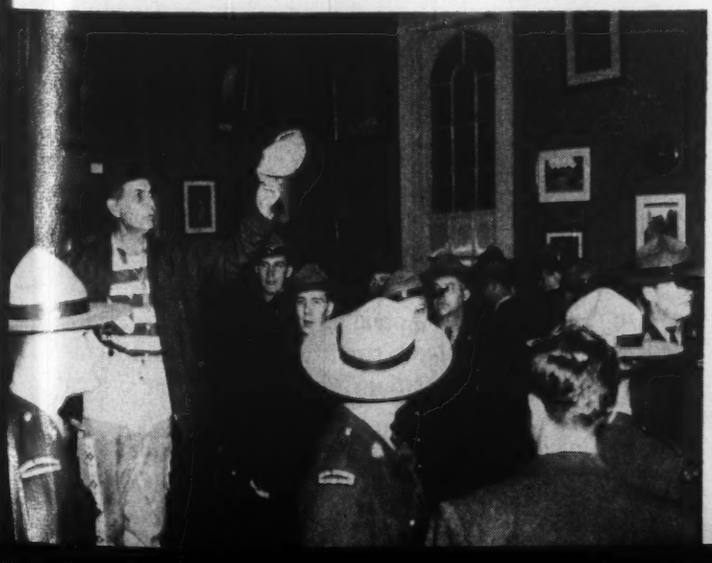
THE STARTLING EVENTS at Brantford's Indian Reservation last month would tend to prove what should have been obvious long ago—that the people we call Canadian Indians do not regard themselves as either Canadian or Indian. Their national heritage, of which they are becoming increasingly aware, dates back many centuries before Canada was even dreamed of. As for being Indian—as one well-educated young lady on the Brantford Reservation put it: "How do you think any European would like it if we called him Ethiopian or Malayan? Indians belong to India, and we are North Americans, with national cultures every bit as distinctive as the French, or German or English."

This attitude is perhaps more prevalent among the Six Nations Confederacy of the Grand River than among the people of the other reservations in Canada. As the well-known authority on Indian history and legends, Emerson Coatsworth, put it recently: "The Indians at Brantford include a group which is strong in tradition."

It was this group which, in mid-March, staged a dramatic gesture against the Canadian Government and its Indian Affairs Branch. It was a deliberate gesture, made after long and serious thought against what were known to be overwhelming odds. Its purpose was to draw attention to the problems of the Six Nations Confederacy in a way that could not be ignored, as arguments and pleas and protestations have been ignored for many years. The press and the radio and TV stations were kept precisely informed of every step in the campaign, not, as has been suggested, from a childish desire to see names and pictures in the papers, but with the very serious purpose of getting their long-neglected story across to the people of Canada. As a reporter for the *Brantford Expositor* put it: "I have seldom seen such an enthusiasm or such a determination among so many people . . . The people of the Six Nations believe they have a cause and are determined to be heard."

Unfortunately, Canadian newspapers and the Canadian people generally have a tendency to regard Indian events as comic, and too many of the reports about the events at Brantford were written in a sort of bantering tone which reduced the terribly serious purpose of the Six Nations and their Chieftains to the level of farce.

Another unfortunate tendency is to lump all Indians together, ignoring the wide differences in their cultures and civilizations. The paternal attitude of Ottawa's Indian Affairs Branch may be suited to some of the primitive northern tribes, but it is strongly, and properly,



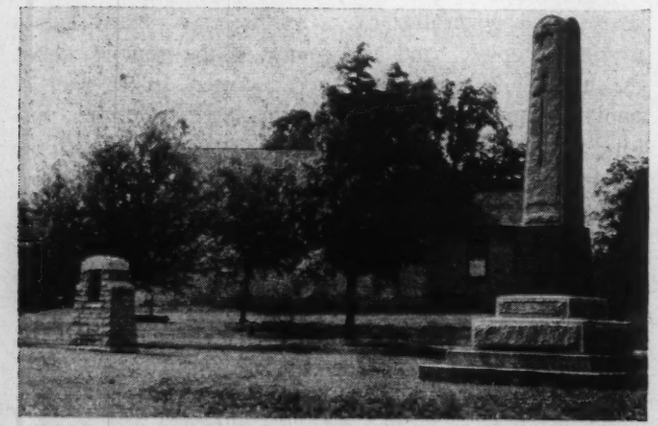
Chief Joseph Logan advising his followers not to resist RCMP who visited Council House at three in the morning.

resented by such advanced people as the Six Nations. In fact, there is good reason to believe that the Six Nations should be regarded as belonging in a different category from all other Indians, and the trouble at Brantford arose partially because no one in Ottawa seemed to think so.

The Brantford Reservation is the centre of the Six Nations Confederacy, nicknamed Iroquois, or "double-crossers" by the French who shortly after their arrival in Canada joined without provocation in a war against the Confederacy and then proceeded in the customary way to malign their enemies. Of the 20,000 Iroquois now living, about 8,000 belong on the Brantford Reservation. Other large groups live at St. Regis, Oka and Caughnawaga near Montreal, and on the Tuscarora Reservation in New York State. It is interesting to note that while Brantford's "revolution" was in progress, Chief Diome from Caughnawaga was protesting to Ottawa that Quebec police and courts were violating the rights of the Six Nations "as an ally of the British Crown." And the Tuscarora chiefs were in Washington proclaiming their status as a sovereign nation allied with, but not subject to, the United States.

The long history of the Six Nations starts with those half-legendary heroes, Hiawatha and Deganawidah, who created a union of five powerful nations, the Mohawks, Cayugas, Onondagas, Oneidas and Senecas, called the League of Peace, and often described as the first functioning United Nations. Iroquois records put the date of the union at 1390, a full centry before Columbus crossed the ocean. Later, the Tuscaroras were admitted, since when the Confederacy has been called the Six Nations.

Their land stretched in a great arc south of Lakes Ontario and Erie, with hunting rights in what is now Southern Ontario. Friendly and intelligent people, they cooperated with the early Dutch settlers and later with the English, entering into firm treaties with the British Crown. It was because of these treaties that they lost their ancient homelands, being forced to move into Canada after the American Revolution. In compensation for the loss of their old lands, Britain granted them a tract of land six miles deep on either side of the Grand River from its source to its mouth. This treaty, signed on behalf of the Crown by Governor Sir Frederick Haldimand, declared that the Six Nations should hold this land "for the sole use on behalf of



Historic Council House of the Six Nations on Brantford's Grand River Reservation. War memorials honor servicemen.

The old medicine is kept very much alive at Brantford Reserve. Here Chief Alex General officiates at a rain-making ceremony.

them, the Chiefs, Warriors and People of the Six Nations, so long as the waters shall roll, so long as the grass shall grow, so long as the sun shall shine."

At the time this treaty was signed, the Grand River flowed through a wooded wilderness. Today, the Grand River Valley is one of the most populous areas in Canada, with flourishing industrial cities and towns, and mile upon mile of rich farm and fruit land. But of this, the Six Nations' share has shrunk to 30,000 acres of indifferent quality, near Brantford. At the same time the sovereign rights of the Six Nations have been whittled away until, as Chief Mad Bear Anderson expressed it: "The Canadian Government has beaten the Six Nations into defeat, it has belittled us and our religion."

When the Iroquois came to the Grand River country they had their own system of government consisting of a Council of Hereditary Chiefs who could trace their position and power back to the founders of their Confederacy. These chiefs are a symbol to the Six Nations of their ancient history and their simple and glad-hearted religion which still claims the adherence of almost one-half of the people on the Brantford Reservation. In spite of this, the Canadian Government summarily dismissed the Council of Hereditary Chiefs in 1924 and in its place it set up an elective Council. There is no doubt at all this this was done with the best of intentions. Under their hereditary chiefs the Six Nations were inclined to look backwards rather than forwards. They were encouraged to cling to their old religion rather than embrace Christianity.

Unfortunately, there was also some indication that the people who dissolved the Six Nations system of government did not understand very much about it. An hereditary council did not sound democratic enough to people brought up to believe that democracy resides only in a ballot box. Actually, ballot boxes are not needed in a comparatively small and closely-knit community such as the Six Nations, and their ancient system

of government was just about as democratic as our own. Leadership did not go to anyone simply because of his birth or lineage but only to those who deserved it. But even if the elective system were better or more progressive, its method of introduction on the Reservation did not recommend it to the people of the Six Nations. There are other ways of encouraging people to move forward besides kicking them from the rear.

Certainly there appears to be evidence that a majority of the Six Nations people continued loyal to their hereditary chiefs. After more than 30 years of rule by the Elected Council, the last council election saw only 700 votes cast, representing about one-quarter of the total electorate. Many of the people on the Reservation continued to go to their chiefs for marriages and funerals. This brought about a ruling from the Indian Affairs Branch that such ceremonies were illegal, which would have meant that hundreds of children born to such marriages would be stigmatised as illegitimate.

Denouncing this as "a gross abuse of power," a Brantford-born Toronto lawyer, Malcolm Montgomery, took up the cause of the Hereditary Chiefs. As a test case he took the marriage of a 21-year-old teacher, Ivan Thomas, his young wife, Garnet, and their newborn baby, Benjamin, and had the Ontario courts rule that they had no authority to question the legitimacy of this or of any of the other marriages performed by the chieftains of the Six Nations. "The Six Nations owe no allegiance to this Legislature," declared Premier Leslie Frost later at Queen's Park. "We should consider their Chieftains as a government which is equal in status to this Government."

Malcolm Montgomery, counsel for the Confederacy argues rights in Canadian courts.

Armed with this verdict, the hereditary chiefs proceeded to test the legality of the Elected Council by challenging one of its actions in the courts. The test case concerns the sale of three acres of Indian land to the Cockshutt Farm Equipment Company. This case, started in 1957, comes before a Brantford court this month.

Against this background, the events on the Brantford Reservation last month assume a new and disturbing significance. What is most surprising is that the revolution happened at all. The hereditary chiefs, certainly the Paramount Chief, Sylvanus General, with his gentle poet's eyes and slow, charming smile, were quite prepared to let the courts make the final decision. What stirred them into precipitate action apparently was a ground swell of indignation among the younger people on the Reservation. This would seem to answer the accusation that the revolt against the Elected Council and the Canadian Government was made "by old men living in the past."

Some of the charges against the supporters of the hereditary chiefs were apparently made by people who were unaware of the background of the dispute, and simply did not make sense to the Six Nations. For example, to charge the 20 young warriors, who were nominated by the chiefs to act as constables, with the felony of "impersonating police officers" is to ignore the fact that for hundreds of years the chiefs were responsible for law and order on their lands, under the ancient.

"We shall use neither violence nor force" says Chief Joe Logan announcing the success of the peaceful revolution.

constitution of the Six Nations. It was only in 1924 that this Indian police force was dissolved arbitrarily and an RCMP post set up on the Reservation. To the majority of the Six Nations people, it was the Mounties who were acting without authority—certainly without the expressed authority of the Six Nations.

The Six Nations people were also deeply concerned by the threats made by spokesmen of the Indian Affairs Branch that if they didn't "behave themselves" they would find themselves cut off from social service money.

"What has happened to all the money from the sale of our lands that is supposed to be held in trust for us?" asked Alma Green, a former school teacher and indefatigable fighter for Indian rights. "There must be millions to our credit, but we never receive any accounting —and we don't receive much money either."

Mr. Montgomery also believes that this matter of Indian money should be settled without delay. "It doesn't make for good relations," he points out, "to tell the chiefs that they can't carry out a program while their

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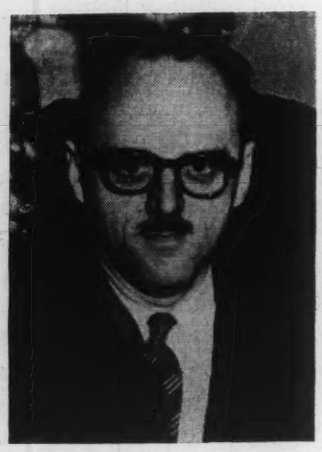
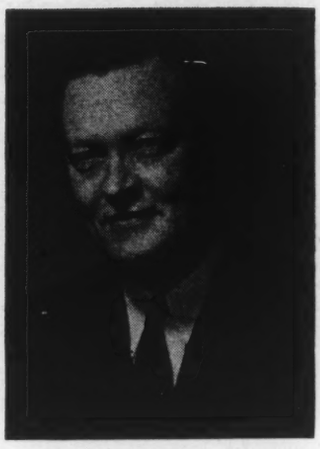


Jean Drapeau: City to province?

Maurice Duplessis: le chef.



Jean Lesage: Liberal hope?

Quebec Politics in Basic English

by Miriam Chapin

THE KEY QUESTION in next year's Quebec election is, as it has been in all of them for twenty-five years: Can Maurice Duplessis be beaten? The key man who will give the answer this time is Jean Drapeau, former Mayor of Montreal, now busy organizing his Civic Action League into a provincial party. What he is trying for is a third party, independent of both the Liberals and Duplessis' National Union, which will hold the balance of power between them, or—remote hope, this —win a majority in the Provincial Parliament.

If he would enter a coalition or some sort of collaboration with the Liberals and the Parti Social-democratique (the Quebec CCF) to ensure that only one candidate in opposition to National Union should run in any riding, the Liberals have a chance to win. If he won't—and he says he won't—then the result depends on to what extent he can rouse nationalist sentiment in the rural counties, and so turn voters against the Liberals. The CBC producers' strike, with its bitter cry, "They want to destroy the French network", will help him, and help stiffen his determination not to enter any coalition, if stiffening is needed.

Already the Province is stirring, though not yet excited. The Premier will campaign as usual on his stand against Ottawa in taxation matters, on his defense of Quebec autonomy, his triumphant development of Quebec's resources by inviting foreign capital, his anti-Communism, and the general despicability of all his enemies. He never bothers to answer specific accusations. He simply puts on a wonderful show, while behind him the National Union machine, organized to the last baby in every county, takes care of getting out the vote—and seeing that the vote is right. It is a hard combination to beat, particularly since funds are practically limitless.

The Liberals, under their new leader Jean Lesage, who was Minister of Northern Affairs in the St. Laurent Cabinet, offer the material benefits to be gained by collaboration with the Federal Government, of whatever stripe. They speak of health insurance, which they say National Union defers because it would cut the ground from under the custom of paying hospital bills for the faithful just before election. They point to the Trans-Canada Highway, which they say National Union won't allow in Quebec because contracts would have to be awarded by open tender. Federal grants to the universities, now almost bankrupt because they must depend on provincial support which is both capricious and insufficient, are in the picture.

The Liberals have much at stake, for if they can't win a provincial election in Quebec where they have for so long been secure, what hope for victory in a national one? Nor can the provincial party expect much help from the national organization, not only because it has little to give but because open meddling would hand the election to Mr. Duplessis on a platter.

Against the Liberals is the fact that the Conservatives are in power in Ottawa, and National Union, while claiming to be wholly a provincial party, in fact stems from Conservative roots. Then too, though this is not of

the greatest import in a provincial contest, the old issue of conscription which once alienated Quebec from the Conservatives, is dead now. In these days of the desuetude of the mass army, nobody is going to conscript anybody. Everybody is in the front line, as Quebec knows as well as the rest of the world.

Against the Liberals also is the fact that Lesage is little known. A "nice" man, a good family man, honest, capable, he is not spectacular, nor a rousing speaker. Maybe, they hope, Quebec is tired of drama and will turn to a quiet figure. But so far Lesage has made little impression, partly because he decided to devote his time to organizing, and so to leave the task of leading his party in parliament to former leader Georges Lapalme, who has done it with vigor and intelligence.

In favor of the Liberals is their long tradition of French Canadian leadership, and their new Provincial Federation which for the first time in history gives Quebec a democratic political party, at least skeletally. Deputies are to be nominated by local voters, and the rank and file are to have a say on policy. Their most valuable new trump card is the accession to *La Presse'* editorship of Jean-Louis Gagnon, the brilliant newspaperman who for some time has been in charge of Liberal propaganda. *La Presse* used to be a Liberal organ; now it says it will be impartial, but certainly in the coming campaign it will support the Liberals. With a quarter million circulation and growing fast, it is a powerful weapon in the virgorous hands that now wield it.

The Liberals will attack on the grounds of graft in politics, on such scandals as the natural gas affair, in which Duplessis Cabinet members are accused of profiting by selling the provincially owned gas company to an American company in which they held stock. They will talk of the sorely needed unity of Canada. They will cry up the "need for change." They will yell for reform. But they are divided among themselves. Their right wing, sometimes referred to as the "neanderthal millionaires", has no use for Gagnon and Lapalme. They want to beat Duplessis, but they don't want to make very drastic changes.

"Let me go, let me go, let me go, lover". Cartoon in "Vrai".

Into this situation Drapeau erupts. He is a catalyst, causing fermentation everywhere, infuriating all those who are not devoted to him. English Montrealers generally hate him, though not for what he did as Mayor—they admit reluctantly that he did some good things. He drove through new streets and mended old ones, cleaned up the police department, drove out a lot of gangsters and gamblers, set up a cultural committee that gave the city better parks, art exhibitions, and the prospect of a concert hall. What finally did him in was his utterly inept handling of the issue of subsidized low rental housing.

But behind the antagonism of the English newspapers and their readers was the memory of the wartime campaigns of the Bloc Populaire. One of its youthful leaders, Drapeau was a candidate in the federal election of 1942 and the provincial one of 1944. He was anti-conscription, anti-war, pro-Vichy, and violent in his demands for a French Canadian autonomous state. He had come honestly by his nationalism, for his father was an ardent follower of Henri Bourassa, who broke with

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"You! shut up, you!"

"If only the opposition had just one head we could cut it off at one blow."

The press does not pamper M. Duplessis as these cartoons by La Palme of LA PRESSE *clearly show.*

A root cause for changes in farming is the development of the supermarket with its need for standard products. Brome Lake duck farm fills demand.

Big Money Needed for Big Farms

by Peter Hendry

FOR DECADES THE FAMILY farm has been regarded as the very cornerstone of Canadian agricultural development. Now it faces extinction. In its place the hard realities of economic necessity are substituting "big business" techniques and contract farming.

This new revolution on the farm is already causing major readjustments. It promises directly to affect every Canadian—both as a consumer of agricultural produce and as a taxpayer.

Amid legislation still to be unveiled at the current session of Parliament is a government plan for the extension of farm credit. The Throne Speech promised: ". . . a comprehensive review and revision . . . in order that credit may be more effective in assisting in the development and maintenance of an efficient and prosperous agriculture."

An educated guess is that the new legislation will concern itself mainly with revamping the existing agencies and improving liaison with the growing number of provincial farm credit agencies. The taxpayer who is concerned lest the government underwrite large new amounts of low interest loans to agriculture has little cause for anxiety. For re-assurance he need only check records which show that outstanding government loans to farmers are well below the maximum allowable under existing legislation.

What does underlie the pressure for improved agricultural credit is of much more serious portent, both for the farm economy and for business as a whole. In something like 20 years the capital needs of Canadian agriculture have expanded so rapidly that former sources of financing are no longer adequate, not only in volume, but also in facilities for supervision.

Today, Canada's half-million-plus farms (their numbers are dropping every year) represent a total investment well above $10 billion. Their total income is something in the neighborhood of $2.75 billion dollars annually. On equipment and repairs alone, farmers spend $350 million a year. Herbicides, pesticides, fertilizer and seed run up the bill.

Yet, to get a fairer picture of this industry, it should be remembered that a very considerable percentage of the nation's farms are not, in the full sense of the word, economic units. These are marginal or subsistence farms which were noted in the Gordon report. In the hard core of Canada's highly productive farms a capitalization of $40,000 to $50,000 and upwards is needed.

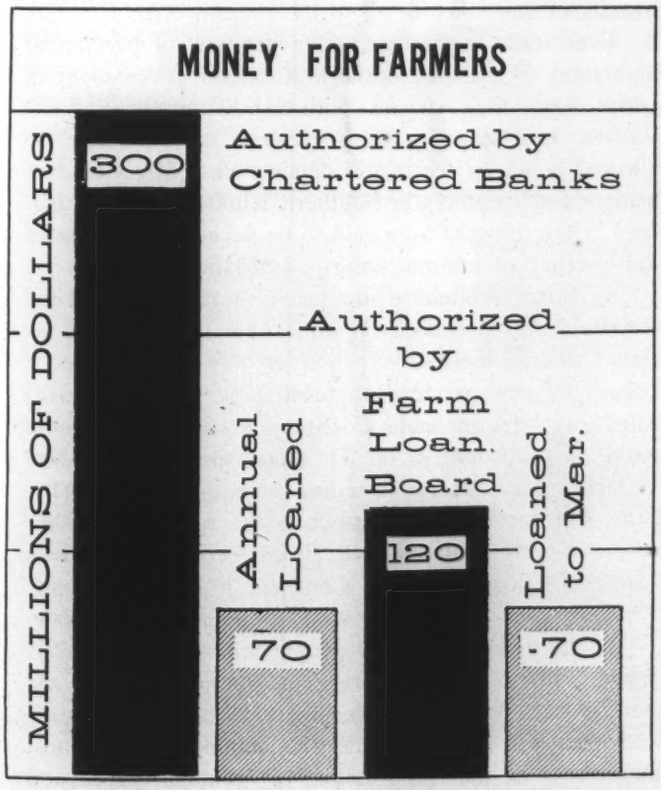
The problem is that units of this size no longer

fit easily into the traditional pattern of family farming. To do so, they require careful management and a more clear cut definition of partner relationships than most farm families have been able to evolve.

It is on this background that a new trend is rapidly becoming apparent in Canadian agriculture. As always, a certain amount of capital continues to move into the industry from outside, through banks, mortgage companies and the like. Now, however, it is being accompanied by a new factor—management or supervision. This trend has been variously called contract farming or vertical integration. By any name, it has been destined to raise sharp controversy within the industry.

A year ago, when the Meat Packers Council of Canada held its annual convention in Toronto, a very successful Ontario farmer, Alfred N. Leatherbarrow, rocked the farming industry with a challenge to meat packing firms to step into agriculture directly, setting up large, economic farm units to be operated on a corporation or a profit-sharing basis. His reasoning: 40 per cent of Canada's farmers produce 80 per cent of our food output; the other 60 per cent are little more than political pawns, marginal farmers who should not be entrusted with a vital natural resource, the soil.

Leatherbarrow's speech created a furore in the farm press. Judging from letters farmers wrote to editors, his suggestion was rankly unpopular. Yet, the fact is, that even as he spoke, there were countless farm units in Canada which had already turned over both financing and management functions to outside interests, leaving



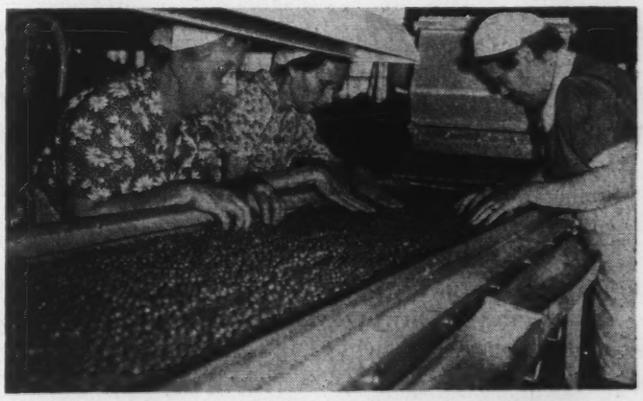
Amount of money available for loans and the sums actually taken up show reluctance of farmers to use present credit.

Agriculture Minister Harkness hedges on the question of contract farming. CFA President Hannam is against plan.

the operator to supply merely the labor and the technical know-how.

The first inroads in this field were made in the rapidly expanding broiler industry. Generally it was poultry processing plants of feed wholesalers who took over the financial and management responsibilities. More recently there has been a trend for hog raising by contract.

The root cause for this change lies in the food industry and more particularly in that post-war phenomenon, the supermarket. In this pre-packaged, frozen, never-out-of-season era, food merchandisers have struck one problem—how to maintain adequate supplies of



A prize example of bigness in farming. Sorting peas on a 15,000-acre establishment, Seabrook Farms, New Jersey.

uniformly high quality food products. The processors supplying the food merchandisers found the existing form of agriculture unsuited to such demands. Despite cajoleries of assorted government bonuses, subsidies and price supports, the average farmer, by and large, produces what he believes suits his land, his equipment and his temperament. If prices proved too discouraging in one line, he switched to another, thus joining a vast motley of "inner-outers" who caused periodic gluts on the market.

In an effort to secure a more constant volume, some food processors tried contracting independent farmers. There were two major snags here: Those farmers who had the equipment, capital and know-how to do the

CONTINUED ON PAGE 67

"Operation Herring Bone", one of the security searches carried out by troops and police in Nyasaland.

Political Volcano in Nyasaland

by Penelope Ketchum

SALISBURY:

WHATEVER HOPEFUL or confident statements are being made here or abroad, there are few signs now that the Central African Federation — once called a bold and imaginative experiment in racial partnership —can ever recover from the bloodshed and rioting of the past two months.

In fact, the few signs there are of the federal government's future steps point only in one direction: toward the imposition of permanent controls and safeguards more suited to a police state than a 20th century federation based on partnership.

The present emergency regulations in Southern Rhodesia include a press gag that makes virtually any comment on events in the Federation subject to vetting by a government information officer before publication, with a penalty, for defiance, of five hundred pounds or two years' imprisonment.

This has had the effect in the already strongly pro-government press of completely silencing any opposition to government action over the past few weeks. The decline of the liberal United Rhodesia Party, the ineffectiveness of multi-racial organizations, and the gradual succumbing of the only independent political journal in the Federation (the fortnightly *Central African Examiner*) to the pressures of big business and government, between which it has been treading a narrow and hesitant path for two years, deprives anti-government liberals of any voice at all in the present crisis.

Even more frightening is the prospect of permanent legislation to aid the Southern Rhodesia government in suppressing the African National Congress and its leaders. Emergency powers declared on February 26 allowed police to arrest and detain nearly 500 Congress leaders and members in Southern Rhodesia and Nyasaland. These powers were said to be necessary because of the leniency of internal security legislation.

Sir Edgar Whitehead, the prime minister of Southern Rhodesia, has promised an immediate tightening of internal security legislation. Observers say that this means either: 1) arbitrary legislation allowing police to "rusticate" any African leaders, without a charge, to remote parts of the country, or 2) more specific legislation imposing penalties for specified activities among Africans. The most probable move is the former; in either case the new legislation will almost certainly include a ban on African National Congress branches (or any other African political groups) in Southern Rhodesia.

In the meantime a few people are asking for facts: What really caused the crisis in Nyasaland? Was the state of emergency really necessary? What is happening and what will happen to the 485 detainees? And, most important, is the suppression of political expression among Africans any solution to a deep-rooted but stark problem?

Trouble in Nyasaland has been foreseen ever since the beautiful but poor protectorate was dragged—an unwilling Cinderella—into Federation six years ago. Since the melodramatic return of Dr. Hastings Banda, now leader of the Nyasaland African National Congress, to Blantyre last July, it has been taken as a foregone conclusion among most clear-sighted observers. The only question was, when will it come?

Apart from money grants, the Federal government cannot be said to have treated its poor relation tactfully or even diplomatically. In a country of 2,700,000 Africans and only some 8,000 Europeans, Sir Roy Welensky's federal government has failed to convince the Africans of the benefits of federation. Nyasas hate and fear federation with Southern Rhodesia which they regard as a political offshoot of the Union of South Africa, with its strict colour bar; and they suspect almost all federal moves. The same party is in power federally as in Southern Rhodesia. Most of all they suspect the recent controversial plan to federalize non-African agriculture. Nevertheless, until the crisis, the federal government was determined to go ahead with this move; and a member of the Nyasaland Legislative Council was reported to have said, privately, that it was better "to have a showdown now" than let the Nyasas smolder. Added to this, there has been continual delay over the promised constitutional revision.

Few people would accuse the Federal government of deliberately engineering the outbreak in Nyasaland. But many are not convinced by its belated announcement that a widespread massacre and rioting had been planned by Congress, and that this was the reason for rushing in some 12 battalions of Federal reservists. No source of this information has been given; experienced observers doubt that Congress in Nyasaland is well enough organized to plan such an attack, in fact, not much organization was shown; only two Africans were found using firearms.

It is possible, perhaps likely, that a mass demonstration or uprising had been planned. But at the stage it had reached it does not seem to have warranted such panic measures.

There is even less apparent cause for the state of emergency being declared in Southern Rhodesia—or for the early-morning police "swoop" on Feb. 26 that put 485 men and women "inside" without charge or a trial. Government spokesmen said that strikes and rioting had been planned and, with Federal troops in Nyasaland, a state of emergency was the only means by which to cope with the threatened situation. But no indication or proof of these plans have been shown: granted, there was a widely-believed strike rumor a month earlier, but it came to nothing. Again, though led by a handful of dedicated and articulate men, Congress organization in Southern Rhodesia does not have mass or disciplined support. At the time of the suspected uprising its leader, Joshua Nkomo, was out of the country—and still is.

Threats and intimidation of Africans by a few Congress officials has been given as a reason for the emergency measures. This would hardly warrant the arrest of nearly 500—including the liberal and visionary European founder of an experimental mission-farm, Guy Clutton-Brock, who joined Congress in its early days as a Christian advisor. And the emergency measures themselves have intimidated Africans to such an extent that at a meeting of the usually-outspoken Christian Action group, several Africans refused outright to discuss the situation, for fear of informers. None would give the names of those they know in prison (no list of detainees have been published).

There is generally said (especially in the press) to be widespread relief in the Colony now that emergency

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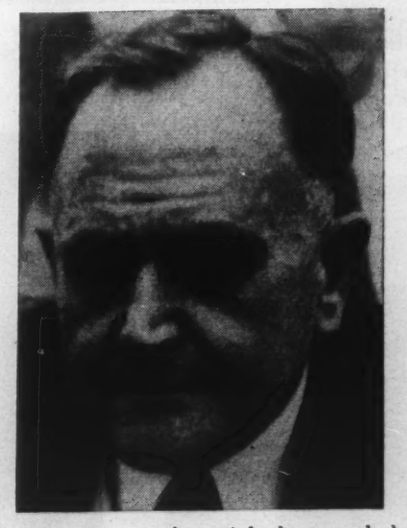
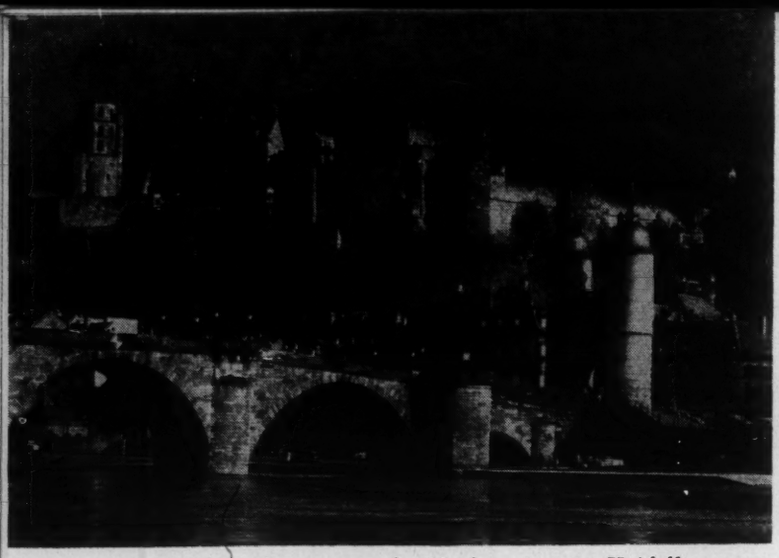
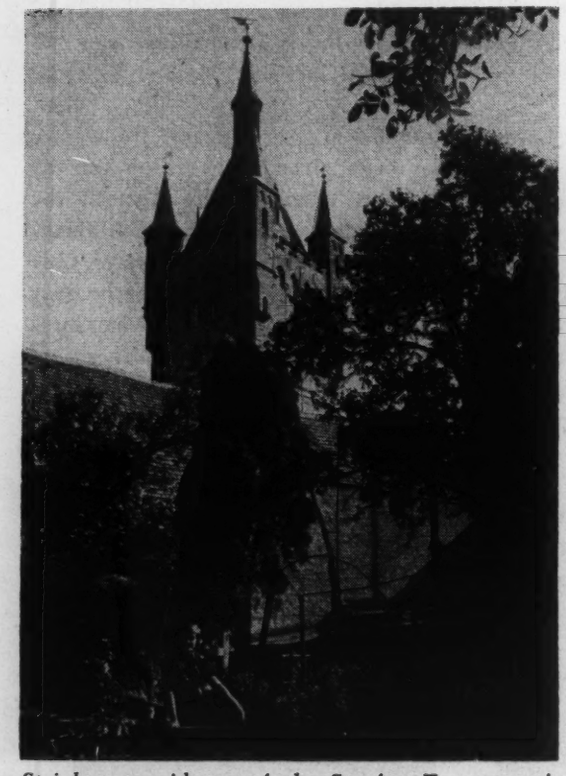


Left, Dr. Hastings Banda, Congress Leader, picked up and deported. Centre Sir Roy Welensky, Prime Minister. Right, native leader Joshua N'Komo who stayed outside.



The "Old Bridge" spans the Neckar river at Heidelberg, one of Germany's most picturesque towns. Castle dates from 1693.

The lower Neckar valley in the West German province of Baden-Wurtt. combine serenity with extreme charm.



Steinhaus, residence of the Staufen Emperors, is located at Bad Wimpfen, was built by the Romans.

Eberbach on the Neckar in spring. The former imperial free city's Hohenstaufen castle Stolzeneck has been reduced to crumbling ruins.

A fisherman dips his net in the river at Neckarsteinach. Town's four castles make it a tourists' delight.

Ziegelhausen near Heidelberg with the new bridge spanning the Neckar contrasts old world with new.

Motoring in Germany is convenient and inexpensive. Good highways take visitors to charming old towns.

Viewed from the well-preserved castle, Hirschhorn on the Neckar offers one of the loveliest panoramic sights in the valley.

Germany: Down the Neckar Valley

by Helmut Benecke

RECENTLY, travelling on the Continent, I found myself in Germany's famed valley of the Neckar.

I had always wondered what is it that makes every visitor's heart tick in Heidelberg. The venerable university (the country's oldest, founded 1386), the magnificent castle, the winding streets, the Old Bridge, or Philosophers' Lane overlooking the whole scene from a hillside?

It's the masterly composition of all ingredients. Heidelberg, quite obviously, is more than a town. It stands for the sort of beauty Kahlil Gibran called "eternity gazing at itself in a mirror". And it has a Schloss-Hotel where you can spend nights in comfort.

In the Palatinate Museum's historic tap-room, I shared a table (and two bottles of Franconian wine) before the drive through the Neckar valley to Stuttgart (89 miles), to visit some of the many castles along the road.

The fragrance of late spring mixed with the breath of early summer lingered over meadows. It's an enchanted country-side, the Neckar valley. A picture to marvel at waits after each and every curve of highway 37. It is what Madison Julius Cawein might have had in mind when he said: "Here is a place where loveliness keeps house, between the river and the wooded hills".

Ziegelhausen went by with the Hotel Stiftsmuehle, the sun-bathing terrace contentedly facing the river's banks, and Stift Neuburg, a Benedictine monastery built around 1200; then, on the opposite side, Neckargemuend, an old town picturesquely situated at the confluence of Elsenz and Neckar; then Neckarsteinach, called the "Little Town of the Four Castles". Vorderburg and Mittelburg are still inhabited and not open to the public, the Hinterburg (from the Romanesque period) is a ruin. The fourth one, however, the stronghold Burg Schadeck—popularly known as "Swallow's Nest"—instantly caught our fancy, for it sits romantically on a precipitous rock.

So we walked (30 minutes) up the hill, passing the other three castles on the way, to enjoy from the tower, the splendid view of the valley; the town below with half-timbered houses; the former proud fortress Dilsberg (it held out successfully against Tilly in the Thirty

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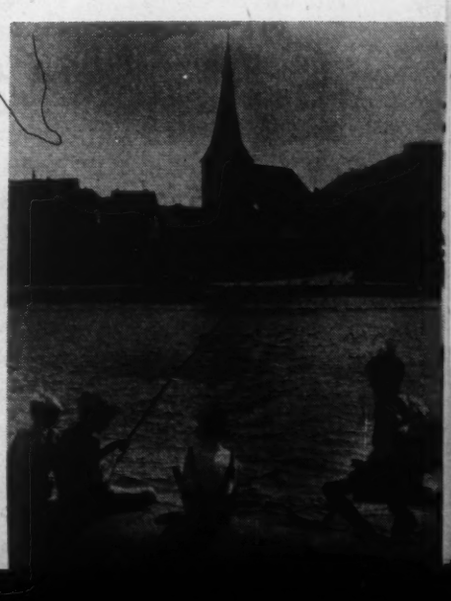
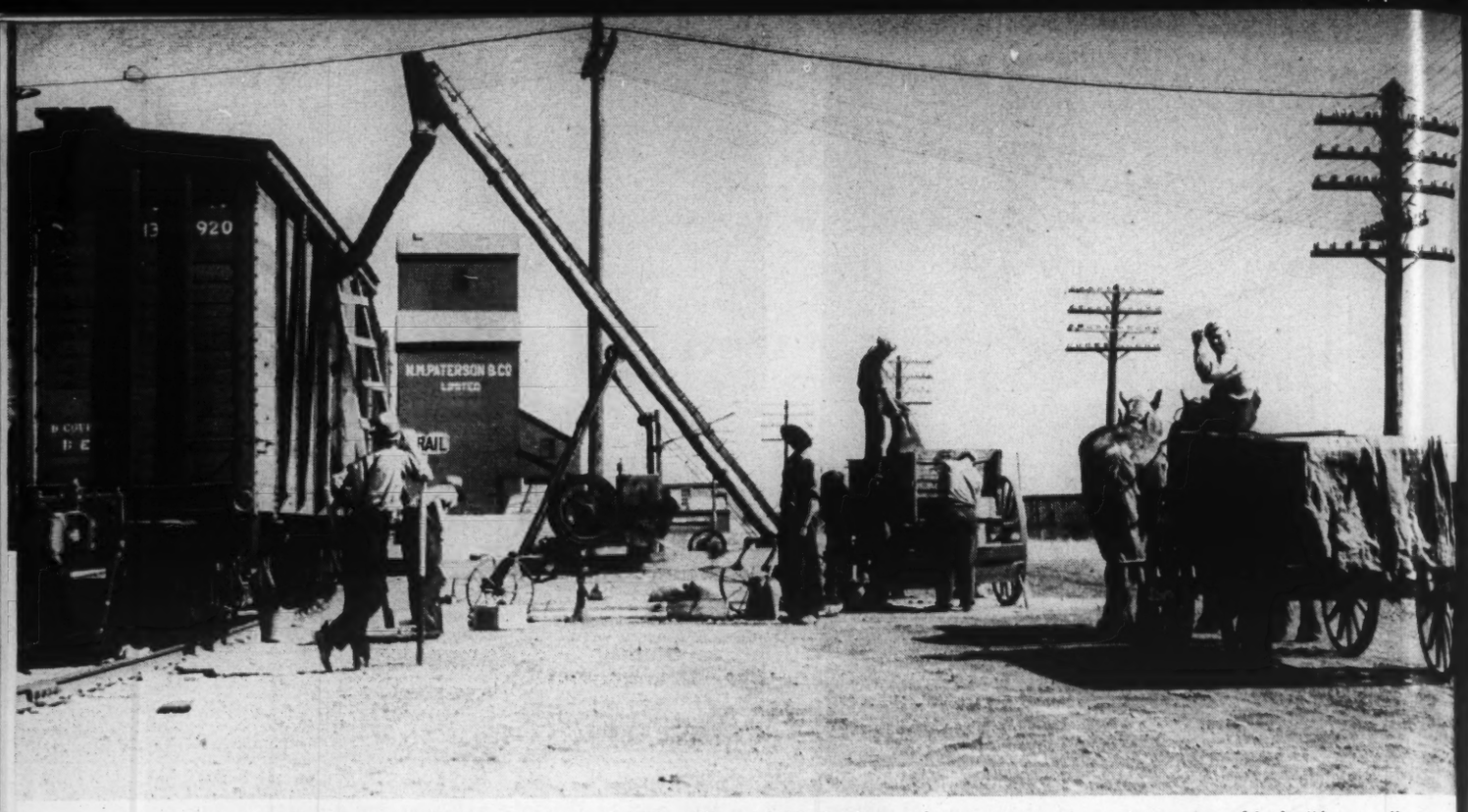


On the Neckar river near Neckargemuend, a group of small boys try their luck in the shadow of historic buildings.



Fixed grain freight rates cost CPR an estimated $58 million in 1958 alone, the company says. Agreement binds "forever".

The Case Against Fixed Freight Rates

by Robert Jamieson

IS THERE A FREIGHT rates bogey in Canada? Does the West get an unfair advantage over the East? Or are the central provinces of Ontario and Quebec favoured, as the West alleges? Who is subsidizing what — government, shippers of one class of freight, or the community?

Ottawa proposes to subsidize western freight rates to the tune of $20,000,000 for a year, until it can have another look at the issues. Already the Maritimes area gets its own freight subventions from Ottawa.

But the biggest subsidy of all, the railways say, is the one the grain growers enjoy—at the expense of other rail users—through the Crow's Nest Pass grain rates. These were fixed in 1897, in exchange for a subsidy of $3,407,720 for building 300 miles of railway line into British Columbia. The rates were to be maintained "forever" and except for a short period after the First World War they have been.

One calculation of the effect of these grain rates is that if they had been increased between 1914 and 1948 by only half as much as other rates have been increased, Canadian Pacific would have collected in the year 1958 alone $58,000,000 more than it did. It is almost impossible to calculate how much grain shippers have saved altogether in the 60-odd years since this agreement was made.

But what the railways emphasize is that they have to get the money to operate from somewhere, and in fact what is saved by the grain growers has to be paid by other shippers.

SATURDAY NIGHT's Montreal correspondent, Robert Jamieson, discussed these problems with G. F. Buckingham, Canadian Pacific Railway Vice-President (Traffic), and C. D. Edsforth, General Traffic Manager. What follows is the question and answer summary of the discussion.

WHAT IS THE HISTORY AND BACKGROUND OF THE CROW'S NEST PASS AGREEMENT?

Mineral discoveries around Trail in the 1890s demanded extension of the Canadian Pacific Railway into southern B.C. Otherwise United States lines were likely to extend northward. To encourage the CPR to build the line the federal government provided as a subsidy $3,404,720 out of the total cost of just over $19,000,000. In return, the railway undertook to reduce, then to freeze, rates on a long list of essential commodities moving westward. Household furniture, binder twine, fresh fruits and vegetables were among the items in this category. Also, rates on grain and grain products moving east to Fort William and Port Arthur were to be cut three cents a hundred pounds, and to be frozen at the lower levels as maxima. The agreement purported to

bind the railway on these rates for all time.

Provisions of the agreement, so far as they applied to rates, were suspended under Parliamentary authority between 1918 and 1924, but restoration of the special commodity rates in that year caused difficulties because the railways applied them only between points on the line that had existed in 1897, and there were complaints of discrimination from other areas. The Board of Transport Commissioners suspended the restored rates but the Supreme Court ruled on appeal that (1) the Board had no power to vary the rates laid down in the Crow's Nest Pass Agreement, and (2) these were applicable only between points which were on the CPR system in 1897.

It was exactly this latter point that had caused the trouble, and Parliament stepped in with legislation which provided (1) that the board was in no way limited in its rate-fixing duties by any agreement or previous Act of Parliament, but (2) this did not apply to rates on grain and grain products: these, Parliament said, should be the rates fixed in the Crow's Nest Pass Agreement, and moreover, they should be binding over any line, built then or in the future, west of Fort William or Port Arthur. The effect of all this was to wipe out the special commodity rates, but to enshrine the grain rates in an Act of Parliament, which can now be changed only by Parliament itself.

HOW DOES CARRIAGE OF CROW'S NEST GRAIN AFFECT RAILWAY REVENUES?

It is having an increasingly severe effect. It is obvious that if an important part of the traffic is moving at less than 1897 rates, the rest of the traffic has to be charged more than it otherwise would. Here are figures which show how Canadian Pacific is affected. In 1928 the picture was already seriously distorted. In that year Crow's Nest grain produced 25.7 per cent of freight revenue, but required 43.6 per cent of total ton-miles moved on the railway system. In round figures, for a total of eight million ton-miles of movement, Crow's Nest grain produced $44,000,000 in revenue. All other traffic required movement of only just over 10 million ton-miles, little more than the grain, but produced $127,000,000 in revenue.

The distortion is still greater when we come to 1958, when Crow's Nest grain accounted for 27 per cent of ton-miles moved, but produced only nine per cent of the revenue. In figures, grain movement of 7.25 million ton-miles produced $35,000,000, whereas all other freight required a movement of only 19.5 million ton-miles and produced $358,000,000.

G. F. Buckingham, CPR's Traffic vice-president, was spokesman.

CAN YOU CALCULATE THE EFFECT OF THIS LOW-RATED GRAIN ON YOUR OTHER RATES?

Yes. There are many ways of doing this, and to take only one: increases in freight rates authorized since 1948 have totalled 157.3 per cent, and if these increases had applied to grain from the west, they need have totalled only 101.5 per cent to give Canadian Pacific the same revenue.

COULD GRAIN CARRY A HIGHER RATE?

That is something you should properly ask the farmers and the operators in the grain trade. But grain does in fact accommodate itself to wide variations in another part of its journey to the consumer—ocean freight. The average cost of moving grain from west of Regina to Fort William at Crow's Nest Pass rates is twelve cents a bushel. Now the ocean freight from Atlantic ports to the Continent of Europe has varied in recent years between $3.75 and $14 a ton—that is, from 10 cents to 38 cents a bushel. In the United States, rail freight rates to Duluth for grain run from 39 to 88 cents a bushel from typical points.

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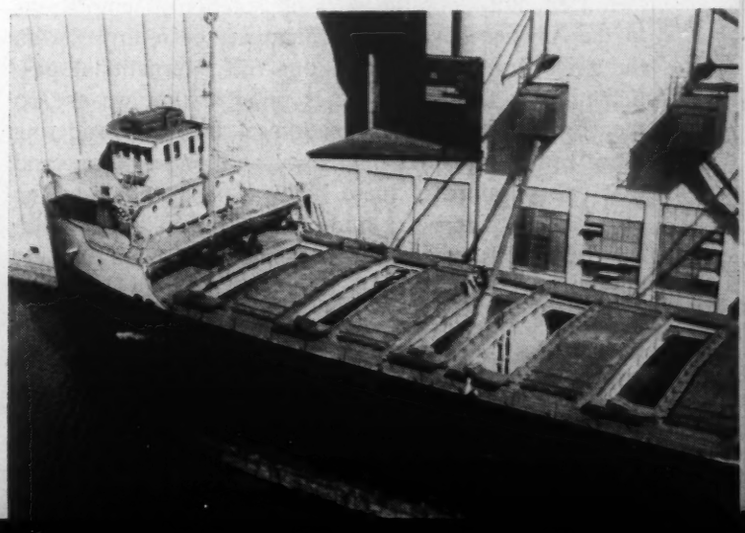
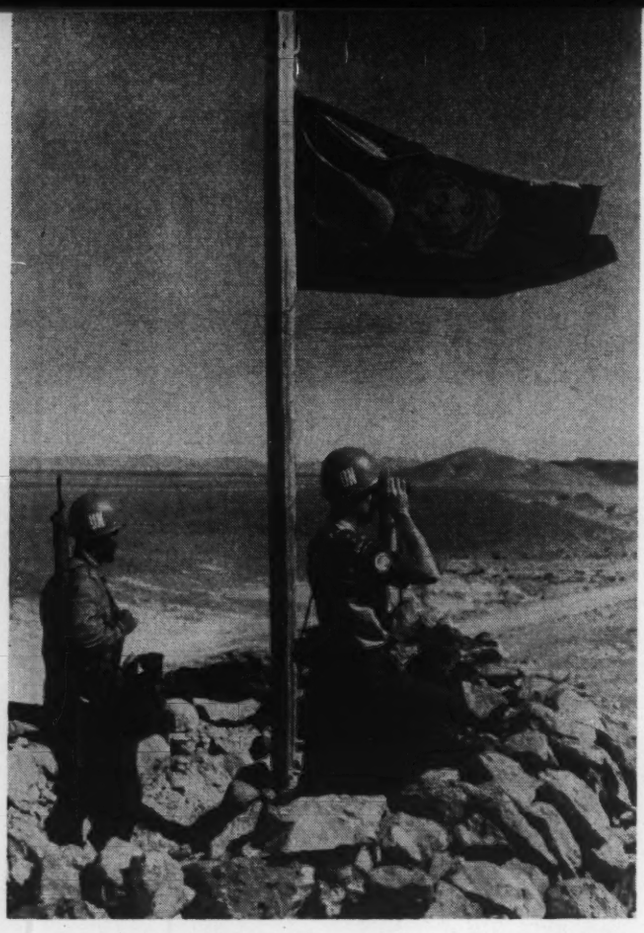
General view of Crow's Nest pass shows famous Frank slide, town of Bellevue, Alta. and Turtle mountain.

End of the line for railways for much western grain comes at Lakehead where lake freighters take over.





Neutralism: The Canadian Flirtation

by Maxwell Cohen

The status of a "middle power" has led Canada to play roles in NATO and more recently in UNEF, as typified by these Canadian soldiers patrolling the borders of Israel and Nasser's Egypt.

THE SMELL OF FEAR is in the air. Not even Korea jangled our nerves as Berlin—and with it the whole defence posture of the West—has begun to do. For Korea was far off in Asia, a kind of peninsular campaign where men died on remote hills, distant from the centres of ultimate danger to ourselves.

The fear is compounded now by new appraisals of our own place in the security scheme of things. With the cancellation of the Arrow and the opening of national debate on defence policy, now filling columns everywhere, new insights emerge on the defensibility of Canada by Canadians. The shock of discovering that a major defence industry seems no longer viable in Canada—as conceived at the end of World War II and which led to the CF-100 and the Arrow—has turned our minds to questions no one would have dared to ask even short months ago.

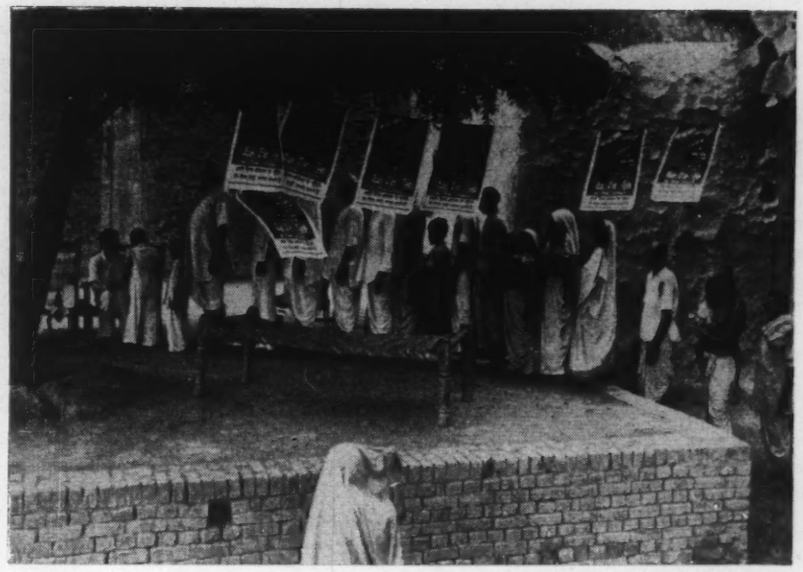
Indeed, not since the days of isolationist temptations in the 'thirties have some Canadians been toying with the price and the value of our full international participation in the 'fifties. It is possible that we are on the edge not of a new isolationism but of considering other routes to national identity and preservation, and that one of more of these highways may point to the attractions of a special kind of "neutralism". The flirtation with this means of escaping our fears already has begun.

Two of the most candid accounts of this road are the articles and speeches of James M. Minifie, the CBC's Washington correspondent, and the editorial page of *Maclean's Magazine* recently. In essence the argument runs thus: That it is utterly naive to believe that there can be a Canadian defence policy based on Canadian decisions, or that there can be a Canadian defence industry able to produce the weapons required for modern warfare, particularly the missile family; that we are fast becoming and, indeed, already have become a logistic and command appendage of the United States with no real sovereignty left to us in security and, therefore, in high diplomatic and political matters; and that, for these reasons, it would be wise and courageous to bow out of this junior and misdescribed "partnership". We should then devote ourselves instead to the creative opportunities available to us in our established "brokerage" role, occupying as we do a special place. By so doing we would employ the resources now wasted on obsolete or ineffective defence instruments to help our "uncommitted" black, brown and yellow friends whose minds and hearts we thus may be able to influence.

The temptations of escape require little Freudian understanding in our time. The poets on the hillside have known about it for much longer than the doctor with his couch. The frontier and bottle were both means of escape. Alas, the frontiers have diminished or disappeared and the bottle, however relevant to the individual, provides no good answers to statecraft in the nuclear age. Nor is it sufficient to argue from analogies elsewhere.

The perverted term "neutralism", transformed from

the earlier and well understood concept of "neutrality", has been applied to describe the policies and behavior of many Afro-Asian peoples and states as they view the monstrous mushrooms rising above both camps and refuse the protection of that deadly umbrella from either side. The Indians and the Indonesians (to name the two largest of the so-called neutralist bloc) the troubled Arabs and the needled Jugoslavs, all assert a kind of plague upon both your houses and justify this refusal to be entangled on the high ground that the embittered concerns of the super-powers are not necessarily those of other peoples.



Instead of wasting our resources on ineffectual defence we could exert immeasurable influence through Colombo plan.

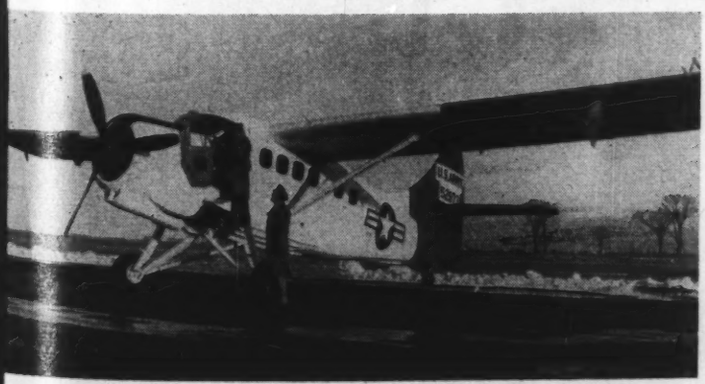
If these are the models to which those who flirt with a similar Canadian policy have turned for guidance it must be said that what seems to be a desirable image may, upon closer look, become a distortion of much that is meaningful for Canada. The truth is that arguments relevant to New Delhi and Jakarta, to Cairo and Belgrade, have little applicability to the Canadian people in North America—if indeed, these arguments have meaning even for Tito and for Nasser. For the search that has suddenly emerged in Canada to discover a new role for ourselves in the face of apparent futility, is a search that ought to have been going on for a very long time, while the awareness of how marginally important we may be in the making of grand policy is very belated indeed.

Does anyone believe that our influence in World War I or World War II on strategy or even procurement was fundamental? Certainly in the latter we made significant contributions—in the British Commonwealth air training program, in the provision of primary products, in the North Atlantic convoy system, and by providing fine soldiers, sailors and airmen. But if our role, in the days of conventional weapons and warfare, though occasionally not without significance, was essentially a junior one, surely it was never believed that we could have a senior influence on pure security questions since 1946 as the cold war and nuclear weapons matured into that grim balance between freeze and inferno we know today.

Indeed, politically, it was that sense of minor status dignified by the label "middle power" that moved us, in part, to play so active a leadership in the formation of the NATO. For here the making of security and political policy for the West had superimposed upon it machinery which glossed over the brute inequality of the partners. Similarly, the press for an aircraft industry, that matured in the CF-100 and the development of the Arrow, reflected the belief that size might be compensated for by independence of effort and that with our own skills and resources we could supply our own forces for the tasks the Western alliance might require of them.

In all of this there was another thread uniting these policies. A hard won sense of nationality had begun to emerge within the past two generations. It ripened into high self-consciousness after World War II where a sound wartime contribution, a superb public service and the flowering in both French and English-speaking Canada of a variety of artistic effort, all gave a new flavor to being a "Canadian". The discovery too, of the "brokerage" role added another dimension in the post-war years, personalized to a large extent by Mr. Pearson's ambulatory embassy as he moved among the chancelleries with ease, freshness and good will.

Now, suddenly, we face a paradox. All of this effort was itself an expression of a new sense of nationalism, of Canadian values translating themselves into action on many levels. Yet the logic of participation has led to the discovery of ineffectiveness. So there now begins to take shape the argument that we should make a virtue out of our marginal power position and not try to play in a league for which we are equipped neither by numbers, resources or perhaps even "deep conviction". And this paradox leads us to a flirtation we



Canada had a good lead in the developing of sturdy, small aircraft such as the Otter, above. Should we stick to this?

should never have considered respectable but a short while ago.

It would be easy to dismiss these new debating stances if they did not in fact appeal to some today and to even more tomorrow, to deep instincts that would lead us away from crisis and danger—and responsibility. Yet the answer that inevitably must emerge from a close study of the argument is one that is linked indissolubly with what we are and where we are. We are not Indonesians in far off seas. We are not Indians on an Asiatic sub-continent. We are not Jugoslavs small-armed to the teeth and talking "neutralism" because of anger with our Soviet brothers over doctrine and insult. We are not Arabs caught between the fourteenth and the twentieth centuries as the new sovereignties rush toward modernization through roads largely created by those same ex-colonial powers on to which they can now vent their frustrations.

We are a North American people, sharing a great continent with the leader of the anti-Communist world. Our values, our language, our resources, our history, are of a piece with this leader and with two of its most important associates, the United Kingdom and France. Our economy is so interwoven already with the United States as to be very largely dependent upon the easy movement of goods and services between us and more particularly upon our ability to buy our major external needs from the U.S. and to sell the larger portion of our primary and semi-finished exports to her. Above all we share, with little reservation, the general Western diagnosis of the international political malaise of our time.

We see the Soviet Union believing that its social order is destined, one day, to cover this contracting planet; that, meanwhile as Stalin once said, there is much to be said for the USSR giving history a little push here and there; and that interference with these pushes on the perimeter of the Soviet world or elsewhere is daily less possible where Soviet military might is strong enough to meet almost any existing possible combinations against it. By one of those cruel tricks of history we once had complete military ascendency (when we possessed the bomb between 1945 and 1949) but now the USSR may have a slight lead, in the missile race, with grave political and negotiating consequences for us. However in any crisis our interests are unquestionably the interests of Britain and France and the United States and, if this is so, we wish our voice to be heard there however modest its volume may be.

There is nothing new in the thought that we are middle-sized with all of the ultimate limitations on major policy-making that such size entails. But why should the discovery that we no longer may have a viable defence industry of our own, to supply our own major requirements, suddenly make us run away from our friends and our responsibilities. What we should be talking about instead is the meaning of the Arrow and NORAD—to take the two most conspicuous reasons for this new flirtation—for a redesigning of our security policies to make them fit the reality of our junior status with the equally important reality of our desire and need to play some role that is uniquely Canadian.

We have not yet begun to explore the possibilities. It is perfectly true that we have no wish to manufacture atom bombs and have not the resources to develop an ICBM or an IRBM. But there are many other areas of security planning and material experimentation that are open to us. We have a large pool of trained electronics personnel whose research could lead to important results. We ought to be doing more work in Arctic surveys and cold weather patrolling. We should be reasserting the Canadian navy's role in the Arctic and building vessels for that role. We have wide policing experience in UNEF and our conventional forces can be used for domestic disasters or international patrolling.

We had some original advantages in small plane building, in the Beaver and the Otter, and we ought to see how much farther this program can be taken. We should hammer hard at the whole question of United States procurement for those items where our skills suggest some advantage or superiority. And all of these explorations should be accompanied by more imagination, more willingness to explore the capacity of Canada to make a further contribution to "brokerage" machinery on the one hand and to economic and technical aid to underdeveloped states on the other hand.

None of these activities perhaps, may pay off as we might hope. But the effort pays off because the effort is an expression of the national will.

These tense days are often like a bad dream and there is a great temptation to treat them as such. But the sting of reality must prod us to find better answers than the self-righteous comfort of a neutralism. Ours is to reason why and in so reasoning to make nationhood itself a deeper reality.

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BRITISH OVERSEAS AIRWAYS CORPORATION

Ballots and the Boardroom

Canada Needs More Proxy Fighters

by Bruce Wallace

In corporate life he occupies a position similar to the Leader of the Opposition. He is sometimes the only hope of the shareholder in the world of insiders.

POPULAR DRAMATIZATIONS of the way "big business" operates have captured public fancy in a spate of books, plays, radio and television broadcasts. While this may be all to the good, many businessmen detect a strong flavor of unreality in these confections.

Nowhere is this more apparent than in the highly sophisticated field of proxy fighting. In the popular mind, proxy fighting is now linked with nefarious "raids" on noble companies (guided by virtuous directors) for the main purpose of looting the company's treasury.

In fact, however, the proxy fighter is a necessary part of modern business. His operations are often the only effective counterbalance shareholders have to the influence of management. Canadian business needs more proxy fights and Canadian shareholders need more proxy fighters.

A proxy is the authority one shareholder gives another to act for him at a corporate shareholders' meeting. Since management nominees usually win the election by acclamation, or a show of hands, a ballot is seldom needed at the meeting. But where more than one slate of would-be directors is offered, a ballot may be demanded and a proxy is its reference material. The side which can file a majority of proxies wins. The possibility of a proxy fight is, of course, only academic when a company has a concentration of stock held by a tightly knit group.

The fact that a proxy fight conceals an occasional "raid" is beside the point. The real point is that a proxy fight is a reflection of the right of a majority of shareholders to choose the stewards or directors of their company. An increase in proxy fighting could reflect a growing maturity in shareholders, many of whom are mice in the face of management.

Proxy fighting can be lucrative for the professional shareholder in two ways:

—By finding promising situations which he develops with his own money and of which he will be the main beneficiary.

—By acting as a hired gun for a group of shareholders with a beef against management.

Canada has only a few hundred joint-stock companies of impressive size, and few of these so conduct their affairs as to invite or to be vulnerable to a proxy fight. Nonetheless proxy fights can be expected to break out on a sufficient scale to attract the budding financier or boardroom punter as a mercenary in a variety of ways, some commendable, some verging on larceny, some plain opportunism. These include:

—Threatening a proxy fight to lever directors into increasing dividend payments, an action which should enhance the market value of a stock. The proxy fighter presumably has had sufficient foresight to acquire a line of the stock.

—Finding maverick companies—units with weak management, fuzzy operating policies, poor public and shareholder relations, and a wide dispersion of share ownership. Such a company is easy to divide and conquer, and the proxy fighter will probably move into a directorship.

—Winning directorships from management despite its holding of a majority of proxies. It is difficult to deny the claims of holders of proxies for say, 35% of a company's stock for representation on the board. Under such conditions management might not be able to stand a great deal of defection from the ranks of its supporters.

—Forcing a reorganization, and possibly a stock split, in an undervalued situation into which the proxy fighters have bought. It is not unknown for directors to wage a war of attrition on shareholders by withholding dividends, and information about a company's position.

—Having a nuisance value, and being bought out by management.

—Raiding a company to milk and dismember it.

—Winning control of a company for its possibilities of promotional exploitation. This can be lucrative in Canada where most stock exchanges permit the use of their facilities for primary distribution of shares. Fights for control of promotional companies sometimes resemble two dogs fighting for a bone.

—Preventing a power play, or opposing management efforts to railroad an unwanted transaction.

The proxy fight follows a fairly uniform pattern. It goes this way.

A shareholder or group alleges any one or combination of management negligence, malfeasance, a stakeout on the till, nepotism, declining position, failure to modernize, lack of research and sales promotion, poor public and shareholder relations, directors profiting by transactions with the company, and so on.

Management then counterattacks on the motives and character of the dissident shareholders, representing them as vultures concerned only with exploiting the company for their own benefit.

Charges and counter charges are carried to shareholders in solicitation of their proxies by direct mail and newspaper announcements. Professional proxy solicitors will be rung into the act in a particularly tight battle.

The actual meeting produces much filibustering and hippodroming to win the support of attending shareholders who haven't decided whether to run with the hares or with the hounds.

People are creatures of habit and it is difficult for a proxy fighter to knock out management to which shareholders have in the past instinctively handed their proxies or which has been re-elected by being ignored by shareholders. The modern economy is the product of change. Yet, many suspect any deviation from precedent, especially in financial affairs where stability and confidence are synonymous. Unless the proxy fighter is an established financial figure, he will probably be regarded as an upstart by shareholders and the press alike. On the other hand, directors are often accepted as economic aristocrats and a challenge to them is regarded as not being quite proper.

There is, however, a growing and healthy skepticism of the ability of the management high caste to mastermind corporate operations. It is now fairly well realized that the effective direction of many companies is not vested in its elected directors but in its hired executive, which works largely from reports prepared by high-priced outside consultants. This realization results in the occasional proxy fight by the executive to wrest control away from the management which hired it.

There is mounting evidence to suggest that the major activity of many directors is limited to capital decisions, drawing meeting-attendance fees, and grooming for re-election at the next annual meeting.

Not all directors are elected by spontaneous requests of shareholders. Candidates are sometimes merchandised by a kingmaker who exercises effective if not mathematical control and packs the board with his boys, none of whom would dare to go contrary to his instructions. This seems to be evident in the extent to which boards vote as a unit and in the relative scarcity of cases where directors resign because of a disagreement with their fellow board members.

A successful proxy fighter is as far removed from the mill-run shareholder as an atom bomb is from a one-cent firecracker. He must know sufficient law to avoid the rough, have a working knowledge of accounting, manufacturing, management organization, sales promotion, economics and be a fair horse trader. He should be financially independent, and frequently is. One successful fighter is a millionaire; he made his score protecting minority shareholders, to hear him tell it. But there's a suspicion that, like the jockey with a mutuel ticket in his boot, he had a few bets of his own down.

The proxy fighter should be quick to apprehend a situation; he needs the hide of a rhinoceros and the nerve of a canal horse. He must stand his ground at a meeting packed by management.

The proxy fighter occupies in corporate life a position akin to Her Majesty's Loyal Opposition in Parliament. He is sometimes the only hope of the shareholder in a financial world of insiders.

Germany

CONTINUED FROM PAGE 18

Years' War) topping the opposite mountain, all the houses still almost entirely within the old walls, a resort spelling the magic of the Middle Ages.

Driving on brings you to Hirschhorn (as one knows later, one of the loveliest spots in the whole valley) overlooked by another well-preserved castle and a former Carmelite Convent.

Next, in short succession, come Eberbach with a Hohenstaufen castle (11th-century) in ruins; tiny Zwingenberg and its imposing stronghold with precious objets d'art, torn down in 1363 "by imperial order" because the owners had chosen to turn robber-knights, but rebuilt some 400 years ago; Neckargerach and the legendary Minneburg (opposite bank) with an 800-year-old keep; Neckarelz at the confluence of Elz and Neckar where an ancient trade route crossed the stream, with the house of the Knights-Templar now a Gothic church.

Burg Hornberg (the "Goetzenburg") high above Neckarzimmern once belonged to that famous "Knight with the Iron Hand", Goetz von Berlichingen. Goethe's hero lived there, wrote his memoirs and died. The little museum recalls the past while wine from its own vineyards and mushrooms from the castle-pit are delights of the present in the cozy atmosphere of the restaurant. A stone's-throw further: quaint Gundelsheim, and Burg Guttenburg from Hohenstaufen dynasty times, never destroyed and for 500 years in the family of the barons von Gemmingen. Here, too, you get wine from the castle's vineyards; a wholesome snack (ask for "Badische Vesper"); bread from the castle's own oven; a warm welcome from the baronial host; a friendly invitation to join a guided tour through stronghold and museum; the chance to pay homage to the Cloaked Madonna in the Gothic chapel.

Climb the massive keep and take a long look around; the world is at your feet. Standing there you forget that clocks are ticking in offices, that buses are always packed, that missiles exist. Instead, you may remember George Herbert's: "He hath no leisure who useth it not".

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Ottawa Letter

by Edwin Copps

An Earful for the PM

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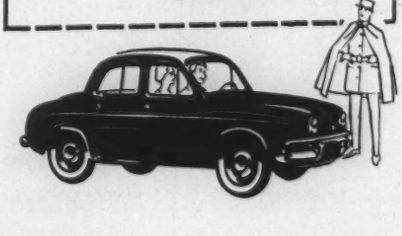

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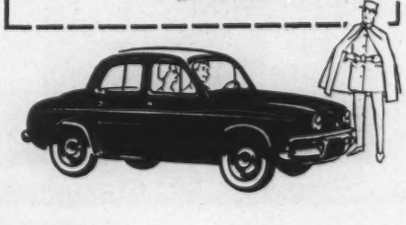

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The Lively Arts

by Mary Lowrey Ross

The Conversational Art

WE ARE HEARING a good deal these days about how television, far from destroying conversation, is actually returning it to the living-room, and on a really staggering scale. Where else, we are asked, would it be possible to listen to the brilliant improvisations of Malcolm Muggeridge, Oscar Levant, Hans Conreid, Gypsy Rose Lee, Jackie Gleason, etc? And what is to prevent us in the course of this exposure from improving our own conversational technique, much as we might improve our backhand by watching the finals at Forest Hills?

This argument strikes one as fairly dubious on all counts. Conversation as visual education isn't entertainment or even, to any appreciable extent, education; and conversation as a sort of spectator-sport isn't so much conversation as a battle of competitive monologues.

There is plenty of the latter type of exchange to be found on television but very little fits the Addisonian formula of the conversational art—"Morality enlivened by wit, and wit tempered by morality." Morality abounds, particularly among the panelists, and wit as far as possible is avoided, possibly because everyone remembers what happened to Adlai Stevenson when he tried to mix wit with political morality. Serious panelists tend to stick to grave and careful generalizations following a familiar pattern.

Thus on a recent "Fighting Words" program one of the guests talked at some length on the proper approach to narcotic addiction and merely remarked, when it was pointed out that the subject under discussion was sex-perversion, that the comments had the same application to both subjects. (On the same program Dr. Charlotte Whitton was able to talk down the whole panel on a point of church policy; and while there was plenty of sporting interest in watching Laywoman Whitton taking on three clergymen single-handed it could hardly be said that the discussion added much to the art of conversation.)

Charlotte Whitton: Single-handed.

Gypsy Rose Lee: Overexposure.

Probably the dullest conversation on television occurred on Ed Murrow's "Person to Person". (This program, since it revealed practically nothing but domestic interiors, should really have been called "House to House"). By contrast, television's most interesting exchanges are likely to turn up on "Small World", a project which host Murrow had conducted with the quiet enthusiasm of a man who had at last been given a chance to work the right side of the street. Not all the people interviewed on "Small World" were world-figures — though Mr. Murrow with his sense of global responsibility would probably prefer it that way —but they have all been people of vigorous and high articulateness Commentator Murrow managed to keep these highly charged personalities well under control and most of the "Small World" programs had the give-and-take balance of good conversation. The notable exception was the

Dame Edith Sitwell: Gifted.

program featuring Maria Callas, Sir Thomas Beecham and Victor Borge, when Comedian Borge, the one professional monologuist in the group, was all but swamped—as who wouldn't have been?—by Mme Callas and Sir Thomas.

Gypsy Rose Lee tends to limit all her remarks to arch references to her career as a strip-teaseuse, and this can get pretty tedious too, the jokes suffering from over-exposure as Gypsy herself never did. Most of the female guests are prepared for endless discussions of their clothes, their hairdos, their diets, their contact lenses, their pet hostilities. Tallulah Bankhead once took up most of a Paar program with growling comments on the magazine that had unfairly represented her as attempting to sit in Mr. Truman's lap. Most of this is chatter, and some of it is amusing chatter but very little can be described as conversation.

The surprising thing is that television, which casts its net so widely, manages to come up so rarely with a really gifted conversationalist. A recent exception was Dame Edith Sitwell who was interviewed on "Close-up". Dame Edith patiently answered all personal questions but didn't enlarge on them. "I like a hat that fits my head" she said at one point and sketched with her wonderful hands a prodigious mediaeval hat then jammed it on firmly at eye-level. That covered the subject of hats. For the rest she talked poetry in its relation to life, religion, magic, jazz and one's natural roots. "We've been here since 1100 B.C. At least the family has. I haven't." Poetry was her profound concern and she made it seem natural and reasonable that it should be the concern of everyone everywhere.

Incidentally, this really remarkable conversation followed the heels of a male panel discussion on the topic of women. The group, which included Commander Whitehead, Billy Rose and "Mr. John" came up with two discoveries—that women were illogical, and that they looked terrible in pants.

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by William Krehm

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In his own day Bruckner was considered by most a great and gawking misfit—a man of medieval faith in an age of reason. But today the candles of reason burn dimmer, and Bruckner is acquiring the stature of a first-class composer. There is an archangel's wingspread to his music; his harmonic sequences are modelled upon the ascension and the coiling ecstasies of the heavenly choirs.

And though much nonsense has been written about him having been an imitative composer, he broke ground for the entire subsequent development of music. For it was the Gothic element of the grotesque in his music—there were gargoyles on his cathedrals—that started the great revolt against the smug esthetics of the 19th century.

On this disc Hans Rosbaud delivers a superb performance of the great Seventh Symphony—as good a point of departure as any for striking up an acquaintance with Bruckner. Sound good.

Ruth Slenczynska: A 25th Anniversary Program. Bach: Chromatic Fantasy and Fugue. Chopin: Nocturne in B Flat Minor, Op. 9, No. 1. Mendelssohn: Andante and Rondo Capriccioso, Op. 14. Rachmaninoff: Prelude in C Sharp Minor. Scarlatti: Sonata in G (Longo No. 209). Bartok: Rumanian Folk Dances. Schumann-Liszt: Dedication. Liszt: Hungarian Rhapsody No. 15. Debussy: Maid With the Flaxen Hair. *Decca DL 10,000.*

Slenczynska, the wonder-child to end wonder-children a quarter of a century ago, plays the piano as naturally as fish swim.

Bach, however, is not her home waters. It is elsewhere that she shows her true greatness: in the petal-like softness and flowering eloquence of her Chopin; in the elfin lightness of her Mendelssohn, the clean pertness of her Scarlatti, and the brainless bravura of her Liszt. Sound good.

Rhapsodies: Liszt: Hungarian Rhapsodies Nos. 1 and 2.
Enesco: Roumanian Rhapsodies Nos. 1 and 2. The Philadelphia Orchestra. Eugene Ormandy, conductor. *Columbia ML 5299.* The fabulous woodwinds of the Philadelphia assert themselves right from the opening langors of the first Enesco Rhapsody. Ormandy handles the music with a be-

guiling sparkle. Even Liszt's two old warhorses, which we believed spavined by the mischief and mileage of time, prance for us again. Performance excellent. Sound good.

Hindemith: Symphony in E Flat. Sir Adrian Boult conducting the London Philharmonic Orchestra. *Everest LPBR-6008.*

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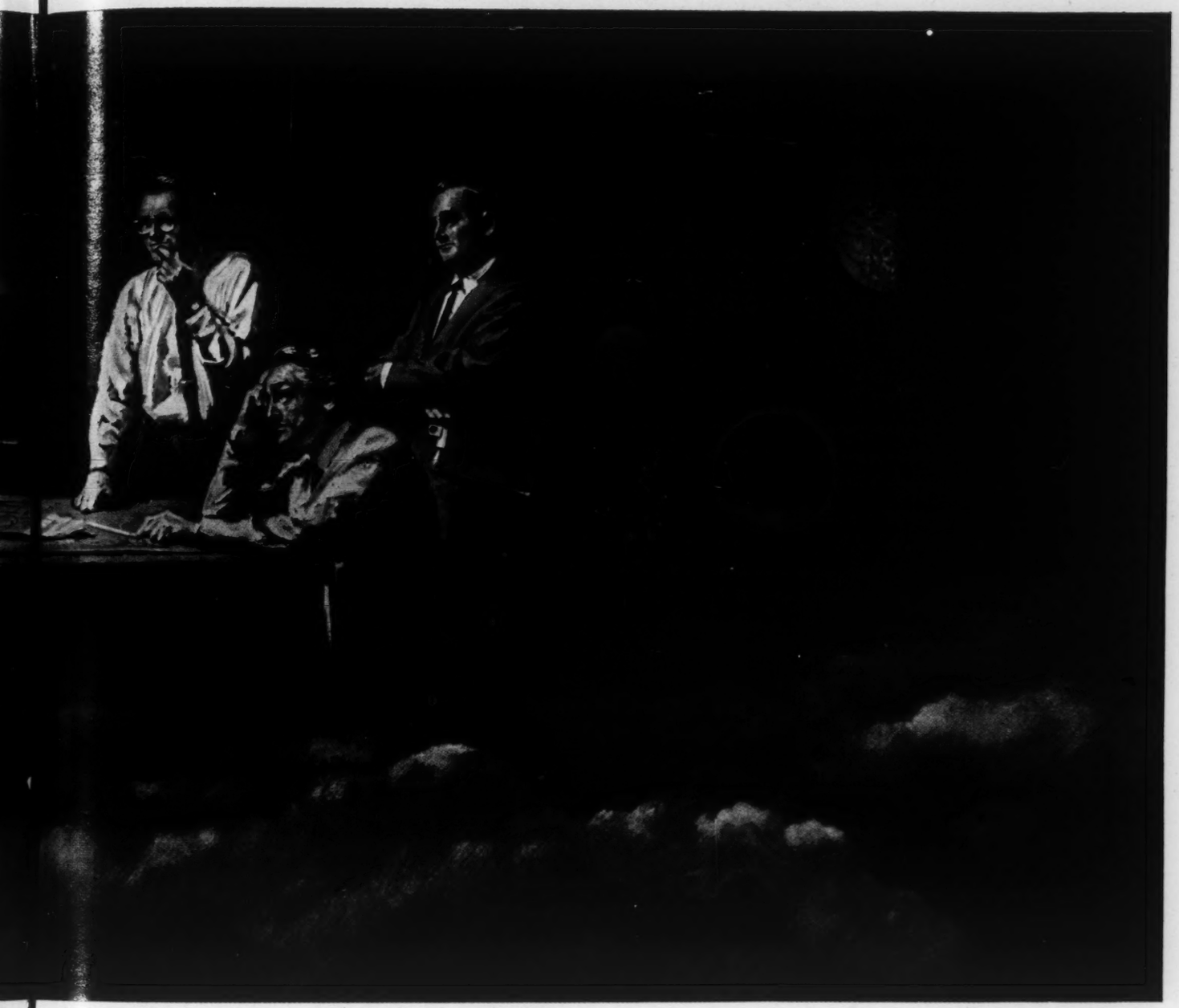

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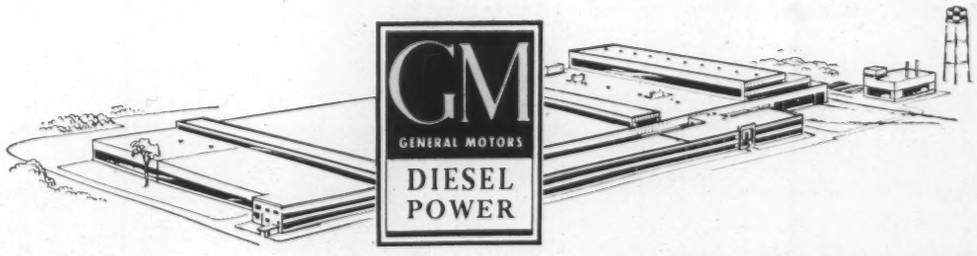

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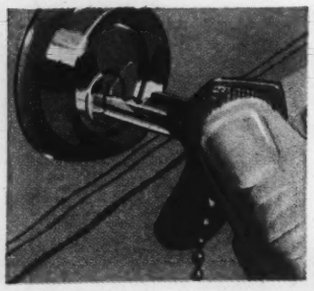

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Spring Book Reviews

by Arnold Edinborough

Frontenac in New France

COUNT FRONTENAC was a man with big ideas, some of whose ideas came to fruition. One cannot deny, for example, that a man who became the equivalent of a brigadier at the age of twenty-six must have had some idea of fighting. And a man who, by the age of forty-two, was in debt to the tune of 350,000 livres was no beginner at arranging credit or spending lavishly.

His biggest chance, and his biggest moment came when, at the age of fifty, having had a somewhat troubled career as a General in the French expeditionary force in Crete, he was appointed Governor of New France. Why is not quite clear. Some court gossips said that it was arranged by Madame de Frontenac who could no longer stand to live with her vain and extravagant husband. Others think that the King was merely giving him an opportunity to make a fortune in the fur trade to clear debts which several times had been deferred payment by cou[illegible]rder.

Whatever the rea[illegible]on, Frontenac came to Quebec determined to be the Governor of New France in fact as well as title and to have all the honor, glory and display which the personal representative of Louis XIV should have.

The Governor of New France receives a British envoy.

Count Frontenac takes part in war-dance with Indians.

This might have been easy in one of the other departments of France, but New France was a different matter. The colony was small, it was poor, and there was a certain lack of pliancy amongst the inhabitants. Frontenac was their Governor; they knew this. They also felt that some display of grandeur was essential. They expected, too, these *habitants* that the Governor would make a profit in the fur trade. All the other nobles did, so why shouldn't he? But he must not expect to cut them off from such profitable trading themselves in the process, nor to assert that he was all-powerful when the forests and friendly Indians provided such an easy political asylum.

Francis Parkman in his *History of New France* glorified Frontenac as a great soldier and a great governor. That estimate has been revised since and in the new *Encylopaedia Canadiana* his bickering, his lying and his inordinate self-interest is fully delineated in the short biographical sketch by Guy Freguault. In *The Age of Conflict* by J. L. Rutledge, Frontenac was also shown to be a quarrelsome, greedy man as well as a soldier. But Professor W. J. Eccles has now done a definitive re-

The Ancient Mariners

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appraisal in which he paints, in relentless detail, a picture of a procrastinating, vainglorious, quarrelsome, vindictive and violent man.

But though Mr. Eccles feels this about Frontenac, and sometimes gives the impression that [the Encyclopedia Canadiana and other modern historians to the contrary] nobody has felt this about him before, the book is not polemic against Frontenac. Quite the contrary. It is a well-written, fair and thorough investigation of all the evidence. From it we can draw our own conclusions just as Mr. Eccles draws his.

It is the monumental quality of Mr. Eccles' work which will strike most people. He has done research in the National Archives of France, in the National Archives in Ottawa, in the Provincial Archives in Quebec and in the state libraries of Boston and Albany. His bibliography fills six pages, and the notes explaining his remarks run to fifty pages. The mention of these facts, should not lead the reader to think *Frontenac: The Courtier Governor* is a solid, stodgy, overwrought piece of work. It is not. Mr. Eccles moves easily and almost elegantly through his sources and does not overburden us with his erudition.

He knows that this book is of interest to many more people than his professional colleagues teaching history in universities. It is the story of a colorful character whose name is still perpetuated all over eastern Canada. At Kingston's present-day Fort Frontenac both the Canadian Army Staff College and the National Defence College carry on a tradition of soldierly self-sufficiency which Frontenac three centuries ago tried desperately to establish in this country.

The difficulty for the ordinary Canadian reader up to now has been that New France was a long time ago, all its documents are in another language and the intricacies of the Indian wars and their alliances are beyond easy comprehension. Mr. Eccles assumes that this may be so, and therefore sets his scene very carefully in the first chapter—*Canada and the Canadians Under Louis XIV*. He then deals with his central character by showing how Frontenac copes with various situations in the colony rather than by giving a chronological account of his actions. Thus we have separate chapters on *Frontenac and the Clergy, Frontenac and the Sovereign Council* (he hated them all) and two or three on the subject of *Western Expansion and the Fur Trade*. As an example of his careful preparing of the ground, chapter 12 is a lucid account of the military organization of New France, which it is essential to understand if we are to make anything of the account of the Indian border raids, the American assault on Canada, and the guerilla warfare of the marauding Iroquois.

From the time that Frontenac sets foot on New France to his death in Quebec on November 28, 1698, his career is charted clearly in this book. Professor Eccles examines his decisions, explores his motives and comments on his reputation. He makes it an enthralling story, as interesting for the layman as it will be indispensable to the historian. A work of definitive scholarship which is also good reading for the general public is not too common. *Frontenac: The Courtier Governor* is that rare combination.

Frontenac: The Courtier Governor by W. J. Eccles—pp. 406—*McClelland & Stewart—$6.50.*

Footnote to History

Bankers and Pashas, by David Landes—pp. 354—illustrations—*Heinemann—$6.50.*

This is a well-researched book of footnotes. About 1,000 are crammed into 327 pages of story; barely 20 pages escape having at least one explanatory note at the bottom. Consequently the reader's eyes are forced to hop-scotch up and down the pages making smooth reading impossible. Even if the book were froth and frills (it is anything but) it would be exhausting to read.

For the first 100 pages it is tedious plodding through a background setting of what constitutes international economics. It finally becomes intriguing when it delves into the financial manipulations connected with Egypt's economy from 1858 to 1868 —the years of the cotton boom (and bust), and of the jelling of the Suez Canal.

The economic hanky-panky that Ismail, Khedive of Egypt, indulged in, and the monetary manoeuvres practised by bankers and speculators, leave one with the impression that in 100 years Egypt hasn't changed much.

The book is based on letters between two men during this fantastic 10-year open season on Egypt. One letter-writer is an enthusiastic but unprincipled speculator in Egypt; the other a cautious, straight laced banker in Paris—both seeking fortunes.

The letters of Edouard Dervieu in Egypt to Alfred Andre in Paris, contain a wealth of back-stage history and of greasing the Khedive's palm with enormous loans—that occasionally were repaid by other loans.

The economist-author has managed to thread enough Egyptian-French intrigue into his weave to make the latter part of the book absorbing and stimulating. At the end, when Dervieu slips from the financial ladder and crashes into bankruptcy, and when the dissolute Ismail sells the canal to Britain and gains infamy as a wastrel and scoundrel, you feel relieved . . . . relieved they have received their just rewards, and relieved there are no more footnotes.

PETER WORTHINGTON

What We Are Up Against

The Communist World and Ours, by Walter Lippmann—pp. 56—*Atlantic-Little, Brown—$2.25.*

FOR AS MANY YEARS as most of us can remember Walter Lippmann, back-room boy to Woodrow Wilson, with his finger in the pie of the Fourteen Points—"worse than the Ten Points of *le bon Dieu*", remarked Clemenceau — and of the Government of the old League, has been the wise uncle. When in doubt amid the treacherous shallows of international relations or in the depths of reflection upon "whither America", we turned to Uncle Walter. He never failed us, advising in that grave and melancholy way of his. As the old lady said, breakfast was unnecessary; Walter Lippmann and a cup of coffee were enough. Like Learned Hand to the law, so Lippmann to the higher journalism has become now the Grand Old Man.

Slight although the present book is, it is therefore with a quickening pulse in these apocalyptic days that we turn to a new book from the well remembered source. As we enter what Hannah Arendt tells us to call "the Cosmic Age", the age of outer-space calculation, the prime question is that of USA-USSR relations —not of who gets to Mars first, but of who dominates the earth, maybe from Mars. We know what is the advice given to us by the Sage of Pugwash, Cyrus Eaton: it is that the capitalist and the proletarian should lie together, rather as in the days of the fine Yalta dream. What does Lippmann conclude?

His first conclusion is unexpected. There is—the ghost of Wendell Willkie notwithstanding—*not* One World. And, thanks to a co-existence aided by a delicate balance of terror which is to be maintained, it need not become such. The European world up to the borders of Russia has no mass desire to become Communist or, even within the coasts of Bohemia, to remain such.

Asia and Africa are a different matter; but here too there is no one world, but very diverse worlds. If their peoples, with an average annual income of around $60 a year, compared with the North Americans' $2000, aspire at almost any political cost to lift themselves out of their miserable poverty, they yet are also moved by the new fever of nationalism. Although Mr. Khrushchev and also some quite eminent Western statesmen suppose the contrary, the movement of these peoples into the area of Bolshevik direction is not inevitable. India, Lippmann holds, will be the test case.

Others, indeed, have talked with the voluble Mr. Khrushchev, so convinced of that inevitable peaceful victory of Marxist Communism which the world's militarists will seek to arrest, for a longer time than the two hours allocated to Mr. Lippmann. But here we have expressed, distilled by one of the acutest analysts of our time, Lippmann's conclusions from the Khrushchev interview.

Are Lippmann's conclusions right? Is he, for once, not too optimistic? There is, as against his argument, a strong case for provisionally maintaining the actual *status quo* in Central Europe, even if this temporarily means sacrificing Poland from the European community. Is it true that, without de Gaulle, France would never have lapsed—that Italy never will lapse—into Communism? Or that, the Red Army induced to withdraw and NATO dissolved and Federal Germany neutralized and detached from the Six countries, then Poland and even Czechoslovakia will revert from Communism to the ideas of a Masaryk? Certainly Nikita Khrushchev does not expect this. On the record he demands that Marxist revolution shall be regarded as the *status quo,* the present dynamic; and that the peaceful conquest of the world by the Communist technique shall go forward unhindered. It would beat the Americans in terms of their own chosen economic standards.

What, however, we are up against, as stated by Lippmann and recently reaffirmed by Khrushchev, is that the Soviets insist that the Leninist social revolution itself shall be regarded as permanent and *itself the dynamic status quo.* It is sincerely hoped that this conquest will be peaceful (did not Clausewitz say as much?) but the Kremlin is determined that, by inexorable logic, it shall be victorious. Does this mean that we need a de Gaulle in the White House and a new U.S. Constitution instead of the two-hundred year old buggy-age model? I do not know.

What I suspect we need is a unification by resolute men of the Atlantic Community into a New Free Commonwealth. But I am sure that the design of the Soviet Union is to shape—by acquiescence if possible—if not all the pattern of our lives, at least all the pattern of our diplomacy in accordance with the will, backed by force, of the dictator of a junta which can only be changed by force—unless there is a slow, revisionist erosion of Leninism.

Nor shall I be reassured by being told, on TV, by poet Edward Crankshaw, of the London *Observer,* that, philosophically considered, we have all really become totalitarians now, just as he once told us that the Bolshevik regime was a fine system if we were only intelligent enough to take the profound and long view.

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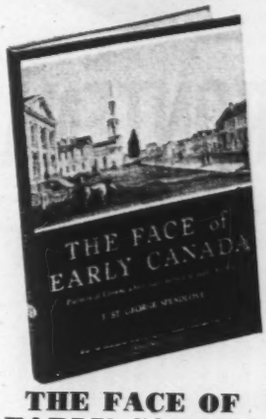

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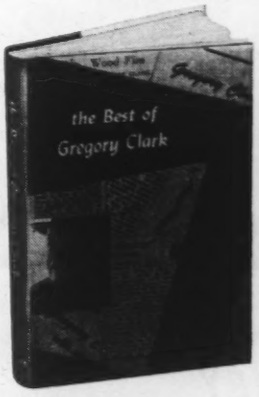

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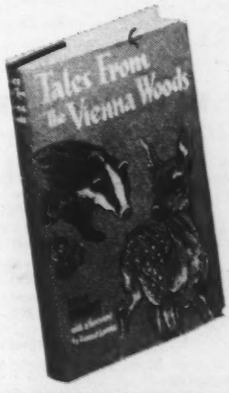

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The Living Jungle

On The Track Of Unknown Animals, by Bernard Heuvelmans—pp. 558, maps & illus.—*British Books—$7.50.*

SCEPTICISM IS ONLY one of the attributes of the scientific mind, but because scepticism is easy to practise, and yields flattering results in the form of admiration from laymen, many scientists exaggerate it. In the realm of zoology, says the Belgian scientist who wrote this book, scepticism has done much harm; it was in 1812 that Baron Georges Cuvier declared that "there is little hope of discovering new species of large quadrupeds"; obedient zoologists have taken Cuvier's line ever since, although several large animals of the utmost scientific importance and popular interest have been discovered within the past century.

The trouble is, says Dr. Heuvelmans, that zoologists become more authoritative as they grow older, but as they grow older they are increasingly reluctant to go into the field—which may well mean the arctic, the jungle or the desert. So they sit in their laboratories, flatly denying the existence of any animal which cannot be driven through their doors to confront them. They are especially sceptical of reports by hunters, and especially by hunters who are natives of far-off or backward lands; such people are too readily assumed to be panicky, superstitious, and inveterate liars. Yet, says Heuvelmans, it is by following up reports of native hunters that some of the greatest discoveries of the past century—the panda, the gorilla, the Komodo dragon, to name but three—were made.

This rich and fascinating book is a discussion of the animals which have not yet been positively identified, but of which there are many reports, chiefly from hunters. What will they be like when they are found? Dr. Heuvelmans is prepared to risk a few guesses. Is there an Abominable Snowman? He thinks there is, but he thinks it is not abominable but harmless, and that it does not normally choose snowy places in which to live.

Are there ape-men living in the Malay peninsula? He tells you who claims to have seen them, and what they said they saw. How big are the snakes up the Amazon? He will tell you of people, who had no reason to lie, who saw one which they estimated to be 115 feet long, and which required 500 machine-gun bullets to kill it, in 1948. Are there still mammoths in north-eastern Siberia? A Russian hunter reported seeing two at close quarters in 1918; they were not so big as you might expect. Is there still a type of Brontosaurus in Central Africa? There is certainly plenty of evidence of something very like one, says Dr. Heuvelmans.

Abominable Snowman reconstructed.

What about little hairy men, smaller than pygmies and covered with rusty fur, in Mozambique? Reputable people have seen such creatures, presumably a type of monkey which walks upright, but have not been able to capture any; natives are decently reluctant to allow anybody to shoot at them, for they think them human. The earth is still full of marvels, says Dr. Heuvelmans, and only the highest degree of scientific rigidity permits anybody to deny it.

This is not to give the impression that this book is a work for the amusement of the idle, or a cabinet of curiosities comparable to a medieval bestiary. Dr. Heuvelmans has his own kind of scepticism, and he weighs evidence carefully and at length, sometimes arriving at no conclusion more startling than that several people have seen *something,* which might conceivably be one of a variety of creatures. He disclaims any intention of suggesting that there are in remote parts of the earth whole areas inhabited by such creatures as figured in H. G. Wells' fantasy *The Lost World;* he points out, however, that there are still very large tracts of virtually unexplored country in Africa and South America, and that creatures as curious as the animals of Australia and New Zealand might well be found there.

He is particularly sceptical of Cuvier's theory of Revolutions of the Globe, which supposed that whole families of animals ceased to be when some cataclysm such as an Ice Age made life difficult for them. There are plenty of Living Fossils still on earth, creatures like the crocodile which, by Cuvier's reckoning, should have disappeared long ago; there may very well be others. As for the Missing Link, he dismisses that idea as virtually an impossibility; but new species of apes and

monkeys, and human creatures of an incredibly primitive type, he thinks may very well be found when we know better how to look for them.

Dr. Heuvelmans seems to write with great freshness and charm, and the translation by Richard Garnett is a pleasure to read. Monique Watteau, who is the wife of the author, has contributed a great many line-drawings, to expand the scope of the photographs, and the book has an admiring introduction by Gerald Durrell, who is himself an expert in this field. It is possible to recommend this book without reservation; anyone who retains any sense of the wonder of life will find it a delight.

ELEANOR RUMMING

Background Music

Music in the Medieval and Renaissance Universities, by Nan Cooke Carpenter—pp. xiii and 394—*Burns and MacEachern —$7.50.*

AT A TIME WHEN we are keenly aware that all is not well with our systems of education, this book comes punctually. It is primarily meant for music historians, but the general reader, by means of judicious skimming when details are too abundant for his purpose, will find it refreshing. For it takes him back to those halcyon days—cruel too, but crueler than ours?—when, in an allegorical discussion of the seven liberal arts, Apollo could say: "Inasmuch as [medicine and architecture] are concerned with perishable earthly things, and have nothing in common with what is ethereal and divine, it will be quite fitting that they be rejected with disdain".

It can of course be argued that musicians are not likely to be unbiassed in this discussion, since their interests are vested in it; yet it needs to be said again and again, regardless of whose interests are involved, that the "ethereal and divine" is one thing and the "perishable earthly" quite another. In our time even the churches sometimes blur this important distinction, without intending a philosophical rejection of it (and even the point of view which rejects the distinction does not imply that, for example, the search for God and the search for gold are equivalent). An instructive aspect of Apollo's words lies in the choice of medicine and architecture: areas of study not *far* removed from the basic—the liberal—arts, but still, for Martianus Capella in the fifth century A.D., despite the sympathy felt by most people for them, removed.

Dr. Carpenter's four chapters are concerned with the study of music before the founding of the medieval universities; the study of music *in* the medieval universities; the study of music in the Renaissance universities; and the influence of the universities upon the cultivation of music in the chief countries of Europe. Her style is beautifully clear, placing her in that small

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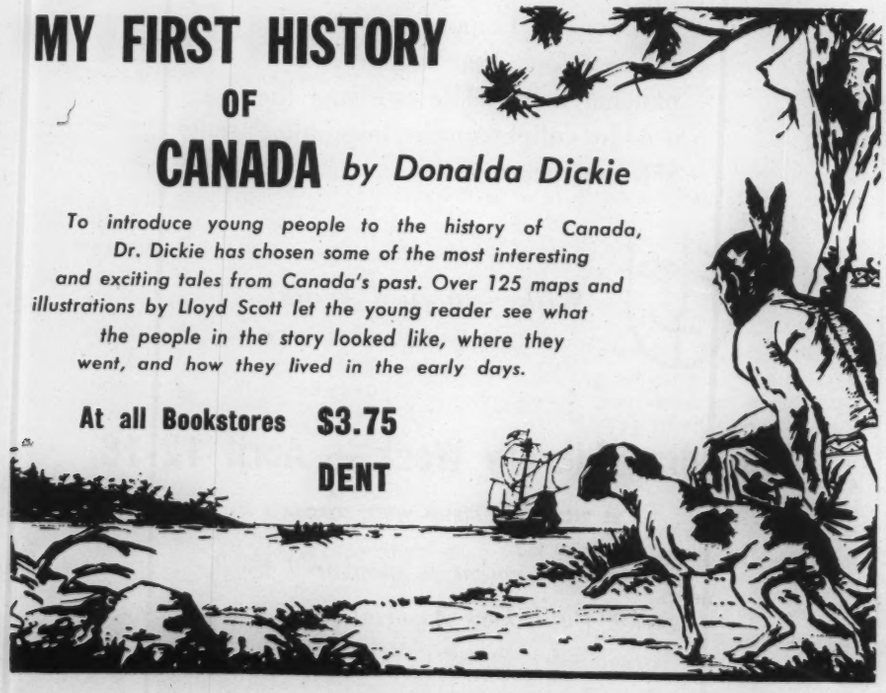

group of music historians who choose their words with love and respect, instead of chopping them out with a hand-axe, and her sympathies range wide: from exacting discussions of historical inter-relations to the small boy who brings the twelfth century into sudden focus by trying to imitate a *cithara*-player, and making everybody laugh, because it was at court, and the Queen was there. GRAHAM GEORGE

The First Bomb

The Great Decision, by Michael Amrine—pp. 251—*Longmans, Green— $4.50.*

For those who like to enquire into the why and how of a historic event, this chronological recapitulation of the 116 days between Truman's acceptance of the Presidency of the United States and his decision to unleash the world's first atomic bomb on Hiroshima will prove of undeniable interest. Although inclined to suffer from pedestrian writing. Mr. Amrine's long view of those epoch-making days does enjoy the virtue of hindsight, and includes many fascinating passages in which the reader is permitted to sit in at the secret conferences between the military, the politicians and the scientists while they wrestle with the moral implications involved in making their great decision as to whether they should drop the bomb, and where.

Significant is the revelation that all the problems we find attendant upon the use of nuclear weapons today were considered by the authorities in 1945, and resulted in as many schisms of opinion. Because much of the information regarding this initial drop is still classified secret, Mr. Amrine's story necessarily leaves as many questions unanswered as those it attempts to explain. It is, however, a useful, and at times, entertaining addendum to anyone's reference library of behind-the-scenes activity of World War II. A.N.M.

Talking Turkey

The Sultan, by Joan Haslip—pp. 299—illustrations—*Cassell—$5.50.*

This is more than the story of a man, it is the story of a Middle Eastern country awakening to the influences of Europe after the Crimean War. It is Turkey as seen through the tortured mind of Abdul Hamid II, Sultan of Turkey and Caliph of Islam, whose psychopathic suspicions made him rule with a fist of fear and terror from 1876 to 1909.

While the writing style is excellent and the descriptions graphic, the book is somewhat vague and rambling, with an annoying habit of skipping years and pouncing on historical happenings without adequate explanation to the reader.

It is slightly uncanny how the problems in the Mideast of the late 1800s were similar to the problems of today—how Hamid dreamed of uniting all Moslems

against interference from the West. He called it Pan-Islam; today we call it Arab Nationalism.

Russia was suspected of trying to seep into—or swamp over—Arab countries, and Britain was resented by Turkey for always interfering at the wrong time—or for not interfering at the right time.

Miss Haslip gives a history lesson through a vivid study of the characters who made that history. But she concentrates on Hamid —the mentally warped, unhappy, untrusting, unscrupulous monarch who slaughtered or banished his internal foes.

Turkey's role in international politics was to stay neutral and shrewdly play the big powers—Russia, France, Britain, Austria and Germany—against one another.

As a book *The Sultan* is always absorbing and often brilliantly written. It tells how the degenerate Ottoman Empire was finally strangled and how something resembling a democracy was born. And over this painful process Hamid II looms like a grisly midwife. P.W.

Cranky Crater-Writer

Crater Country, by Lex Schrag—pp 169—*Ryerson—$3.95.*

Take "a rustic, a boor; a rough, surly, ill-bred fellow" who is "over-fat, over fifty and an employee of Canada's national newspaper, the *Globe and Mail* of Toronto" and you have a self-portrait of Lex Schrag, the author of *Crater Country.*

Schrag, for no reason known to him at the time and for even less reason as the expedition advanced, was chosen to fly with a group of scientists to the new Quebec crater discovered in 1950 and situated in Ungava. It was Schrag's duty to get some pictures of the crater and to write an account of the expedition to give the paper some reason for spending its money on financing part of it.

As befits a man who so distressingly characterizes himself, Schrag looked on the whole affair as improbable and his own participation as farcical. When everyone else is in business suits going out to a cocktail party in Montreal, he is in whipcord breeches and duffle coat. When the others walk across the frozen crust of snow on the lake, he falls through. When everybody else settles down to sleep, it is he who falls out of his bed. He is the first to find that the door of the rest room is locked. He also, by popular election, becomes the cook of the expedition.

Crater Country is funny, therefore, in a somewhat heavy-handed fashion, but there is a lot of meat in it which the humor cannot conceal. In fact, the last chapter is more bitter than humorous since it gives specific instructions as to what supplies should be taken on such an expedition (as opposed to the supplies that were taken) and what kind of personalities

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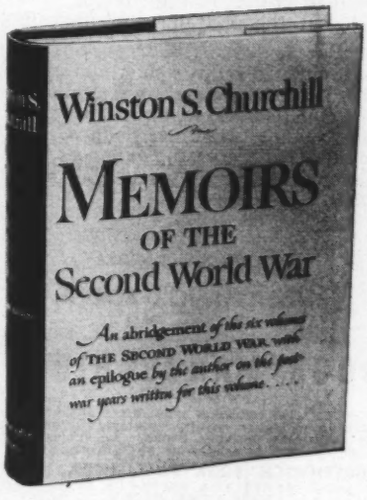
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should be lumped together (not the kind that were with Schrag).

One gets a better realization of the difficulties of pioneer life in the north from *Crater Country* and one gets a good deal of amusement out of the way in which it is written. But between these two extremes, Schrag sometimes falls plop into the crater either of absurdity or of pomposity. A nice book to read on a scheduled flight if only to remind one of the dangers of chartered aeroplanes. A.E.

Same Old Story

Idle on Parade, by William Camp—pp. 189—*Ambassador—$3.50.*

Many civilians have doubted the existence of an Army mind; none have quarrelled with the fact that it has a method. The tribal customs by which it molds its raw material into the shape it wants, together with the tribal deity, the Sergeant-Major, are part of universal folk-lore. This experience comes from the font of the faith —The Guards.

Idle on Parade is the farcical tale of a conscript who didn't exactly break the hearts of the drill instructors but who finally led them to conspire on the easy way out—get rid of him. Along the way, with the spit-and-polish and the square-bashing, are the inevitable "charges".

"Sir, idle on parade, sir, in that he failed to maintain an upright position . . ."

"You mean he fell, Sergeant-Major?"

"It was slippery, sir".

"Who asked you?"

There is the sweaty smell of barrack-room "biscuits", the perfume of the officers' breaths (six double gins before lunch) and a lavish spicing of sex (very open—in fact on an open heath in the middle of manoeuvres). Old-timers may get a chuckle over today's conscript youth facing up to the familiar music. P.X.

Blossoms and Iron

Thousand Cranes, by Yasunari Kawabata —pp. 147—*McClelland & Stewart—$3.50.*

Reading *Thousand Cranes,* a new novel by Yasunari Kawabata, is a mental exercise as well as an emotional experience. Everything is done by understatement, the characters are symbolized rather than particularized, and the plot of the book is tied to the rigid Japanese ritual of tea drinking. As delicate as cherry blossoms in its feeling, as hard and rigid as iron in its pattern, *Thousand Cranes* is a love story, a social novel and an essay in morality all in 147 small and spaciously designed pages. This is not the Japan of *Madam Butterfly* nor of *The Teahouse of the August Moon,* but it has a ring of authenticity which the former lack. And it is this authenticity of style which makes the reader do a double-take in order to get a clear impression. L.S.

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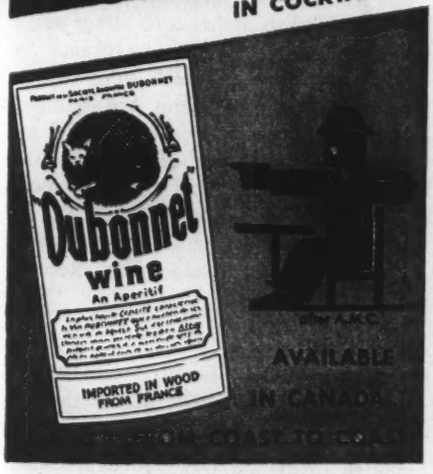

Snakes on the Grass

Jungle Girl, by John Moore—pp. 128—*Collins—$3.00.*

Brensham Village is well known to John Moore's fans—he writes easily, sensuously and skilfully about the English countryside. But *Jungle Girl* is a step right off the village green.

Jungle Girl is about a young girl in a sideshow whose skill is to live with two snakes. From village to village she goes during the fair season, stroking her boa constrictors during the day and looking after her boy friend at night. This boy friend is the son of the man who owns the sideshow and he boxes all comers.

In the end, the boxer gets boxed, one snake gets killed by the beaten bully, and the fine young country boy who has beaten the bully takes the jungle girl and her remaining snake to live happily ever after in a cottage in the Welsh hills. Out of the ordinary, certainly, but very readable. L.S.

Gambling with Interest

The Big Bankroll, by Leo Katcher—pp 369—*Musson—$6.00.*

Arnold Rothstein is remembered by most people as the man who "fixed" the World Series of 1919. But he was a much more sinister character than even that might suggest. From the moment when he started to match pennies and play stuss on the lower East Side pavements, he was determined to be a better gambler than anyone else. To him this was a simple matter of having a bigger bankroll. If you had a bigger bankroll you could break the other man and never give him a chance to come back.

To build this bigger bankroll, he started in the poolrooms (although his family was well off), turned to dice and finally to the financing of other operators. His interest rates for staking somebody were high. According to Leo Katcher, whose book *The Big Bankroll* is an extensive study of Rothstein, "he would make his loan on Monday payable the next Monday. For every $4 loaned, $5 had to be repaid". This rate of interest—1300 per cent per annum—is typical of Rothstein's operations from then on.

He branched out from gambling as his bankroll grew, was in the numbers game, a variety of extortion rackets, crooked real estate and finally drugs. According to Katcher, when Rothstein died his empire was far spread, and although in terms of actual cash it was reduced by the depression to virtually nothing, his contacts and power were inherited by a number of people. Lucky Luciano took over the majority of the dope trade, Lepke Buchalter took over the garment centre, Frank Erickson the bookmaking and Frank Costello the relationships with the politic-

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ians. These men, together with Albert Anastasia and Joe Adonis, carried on where Rothstein had left off.

Rothstein was cruel, unprincipled and hard. His sole interest was making money —how it was made, how it was collected, was none of his business. If he loaned a man $500 he expected to get $600 back. If he didn't, any one of a number of people were on call to cripple the man for life.

Such cold-blooded exploitation of human weakness needs a flair and Rothstein had that flair. He also knew that crime is controlled by the police and in New York the police were controlled by the politicians. So from the moment his career began until he died he was on easy terms with Tammany Hall. He provided the money, they provided the protection to produce more money. It was a neat and vicious circle, and Mr. Katcher implies that the circle is by no means yet broken, even though Rothstein was shot in the stomach in 1928, and died a painful death. A.E.

A Simcoe County History

All For a Beaver Hat, by E. C. Drury—pp. 160—*Ryerson—$3.50.*

All for a Beaver Hat is not just the history of early Simcoe County, Ontario, although that's what it claims to be. It is also a compendium of the opinions of a man who has consistently followed his own convictions in the face of other men's scorn and obtuseness. The Hon. E. C. Drury once became Premier of his Province by so doing. Now from the ripeness of his seventy odd years he espouses the cause of those Hurons who were wiped out by the Iroquois for trading in beaver with the whites.

His sketch of the history of the Hurons is not original. He does not claim that it is. It is shamelessly pillaged from Parkman and from Kinietz's book *The Indians of the Western Great Lakes.* What is original is the salty comment on any number of things both ancient and modern.

"The Indians were cruel, they were sadists, not a doubt of it. But what about the white man?. . . . the fires of Smithfield. The terrors of the Spanish Inquisition . . . And what about the Nazis in the last war? In the matter of cruelty, the White Race lives in a very fragile glass house. So we'd better not throw stones at Indians or anyone else."

"The Hurons were inveterate gamblers and as everyone knows gambling is a very bad thing indeed. But at least they were honest about it. They didn't disguise their gambling as lucky draws and bingo games for this or that good cause".

And even at the missionaries, whom Drury admired, he has one parting shot: "In the Huron belief, there was no fiery, everlasting Hell. The good missionaries hastened to supply the lack". L.S.

Market Operations

The Battle For Investment Survival, by G. M. Loeb—pp. 311—*Musson—$4.95.*

Mr. Loeb has been irritating orthodox investment experts for close to a quarter of a century with his controversial views on investment technique. This book is a compilation — brought up to date of these views. As such it will doubtless infuriate many who hold more orthodox views.

But Mr. Loeb says a good deal that should be said and he says it in a lively and interesting way without resorting to esoteric financial double-talk. Anyone interested in making money through the stock market will profit from reading this book. A word of caution, however: Canadian stock market operations cannot be equated with New York stock market operations and not all of Mr. Loeb's theories and observations can be directly transposed into a Canadian context. R.M.B.

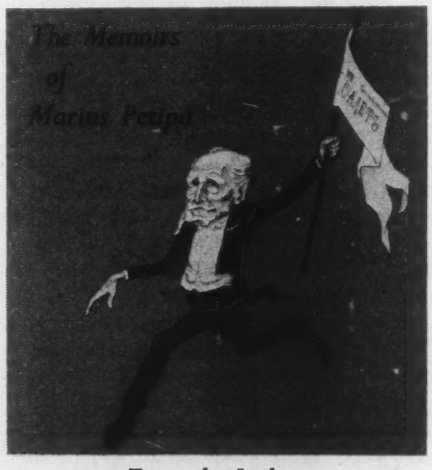
Short Reviews

The Wild Coast, by Jan Carew—pp. 256 —*British Books—$3.75.*

Writers in British Guiana seem to be obsessed with the weather. In this story of Hector Bradshaw's growth to manhood, his absorption of native lore, and his quest to discover the secret of his birth, the sea, the swamps and the meteorological hazards of the tropics are perpetually invoked to create atmosphere, but in the author's hands they create only confusion. His brightly coloured prose obscures, instead of heightening, his meaning. B.E.N.

Russian Ballet Master, by Marius Petipa—pp. 93, notes and many interesting illustrations.—*Macmillan—$4.00.*

The creator of the great Russian ballets —*Sleeping Beauty, Swan Lake,* and *Nutcracker*—and even of that style of dancing now known as Russian classical, was a Frenchman, Marius Petipa, who, for most of his sixty years at the Imperial Theatre in St. Petersburg, was as much ruler of his realm as the czar in the Kremlin.



From the Jacket.

These memoirs were written when Petipa, at eighty-six, embittered by eventual loss of authority in the position to which he clung, sought to justify himself to his public. What a pity that Marius Petipa did not leave the scenes of his triumphs while still at an age to record well the rich experiences of a fortunate life! What a pity that he waited until he was forced to set down the meagre memories and querulous complaints of a disillusioned old man! M.A.H.

Selected Poems, by Boris Pasternak—pp. 58—*McClelland & Stewart—$1.50.*

Chosen to illustrate Pasternak's evolution as a poet, this chronological selection is from five volumes published before 1946. Presumably the poems attached to *Dr. Zhivago* are of a later date.

These poems will especially interest those who have read *Dr. Zhivago* and found it wanting as a novel, for they help to explain both its virtues and its inadequacies. Novel and poems well tumultuously from an intuitive perception of life which disregards all barriers between its various elements. The result is demonic disordered simplicity. M.A.H.

The Unspeakable Skipton, by Pamela Hansford Johnson—pp. 246—*Macmillan —$3.*

Daniel Skipton, Knight of the Most Noble Order of SS. Cyril and Methodius, is a paranoid English author who drags out a poisonous, poverty-stricken existence in Bruges, picking up small sums as an antique-dealer's tout, pimp and sponger. This witty, wry short novel tells of his last days. The author admits that she has modelled Skipton on the even more unspeakable Francis Rolfe, Baron Corvo, whose books are having a renewed vogue. A curious and stimulating oddity. Recommended. S.M.

Good Fences Make Good Neighbors, by Joseph Barber—pp. 280—*McClelland & Stewart—$5.00.*

Subtitled "Why the U.S. Provokes Canadians", Mr. Barber's book is addressed principally to U.S. readers. Canadians will find their old griefs and grudges rehearsed and rehashed—but with a difference. This is an American looking sympathetically, and understandingly, at this country. What he sees will undoubtedly infuriate the more rabid nationalists, telescoping at it does many years of Canada-U.S. friction. But Canadians who want a sound resume of the points of friction combined with the valuable perspective of a lively and informed American viewpoint can profitably settle down with Mr. Barber for an evening or two. R.B.

Chess

by D. M. LeDain

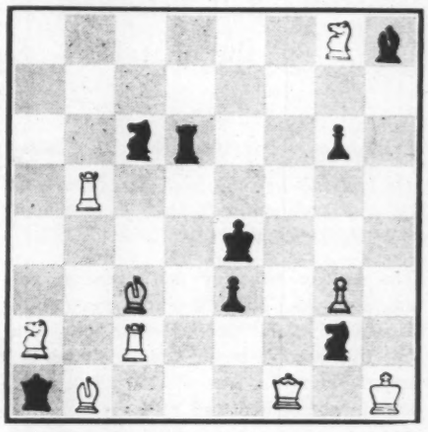
CANADA'S TEAM, (D. A. Yanofsky, Winnipeg; F. R. Anderson, G. Fuster and R. Siemms, Toronto; P. Vaitonis, Hamilton, and L. Joyner, Montreal), placed 15th among 36 competing nations in the World Team Championship at Munich. John G. Prentice, Vancouver, captained the team. Frank Anderson, with 10½ pts. out of 13 games, achieved the highest percentage of all players at Second Board, duplicating the distinction he earned at Amsterdam in 1954 and for which he was awarded International Master rating.

White: F. R. Anderson, Black: J. Enevoldsen (Denmark).

1.P-K4, P-QB4; 2.Kt-KB3, P-Q3; 3.P-Q4, PxP; 4.KtxP, Kt-KB3; 5.Kt-QB3, P-KKt3; 6.B-K3, B-Kt2; 7.P-B3, P-QR3; 8.Q-Q2, QKt-O2; 9.Castles, P-QKt4; 10.P-KKt4!, Kt-K4; 11.P-Kt5, Kt(3)-Q2; 12. P-B4, Kt-B5; 13.BxKt, PxB; 14.Kt-B6!, Q-B2; 15. KtxP!, B-Kt2; 16.Kt(3)-Q5, BxKt; 17. KtxB, Q-Kt2; 18.B-Q4!, BxB; 19.QxB, Castles (Q); 20.Kt-K7ch, K-Ktl; 21.Qx-Pch, K-R1; 22.Kt-B6, Resigns.

Solution of Problem No. 215 (Marin). Key, 1.Kt-B5.

Problem No. 216, by V. L. Eaton. White mates in two. (9 + 8)



Puzzler

by J. A. H. Hunter

OLD SAM was just locking up when I pushed open the door of his little store. "Come right in," he chuckled, rubbing his hands happily. "We've had a good day."

He pointed to some shoddy garments on a counter. "Skirt and blouse for $2.95! A cheap line but profitable." Sam knows his business as vintners know their wine. "Maybe not such a bargain as they sound," I commented dryly. "But d'you sell them separately?"

"Sure," said Sam. "Separate or together, it makes no difference to the prices." He glanced at a slip of paper in his hand. "That's right. We took exactly a hundred bucks on these today and sold a hundred pieces, but more blouses than skirts."

It was only much later that I began to wonder about the respective prices. Perhaps you can figure them out. (98)

Answer on Page 68.

You'll Answer for This!

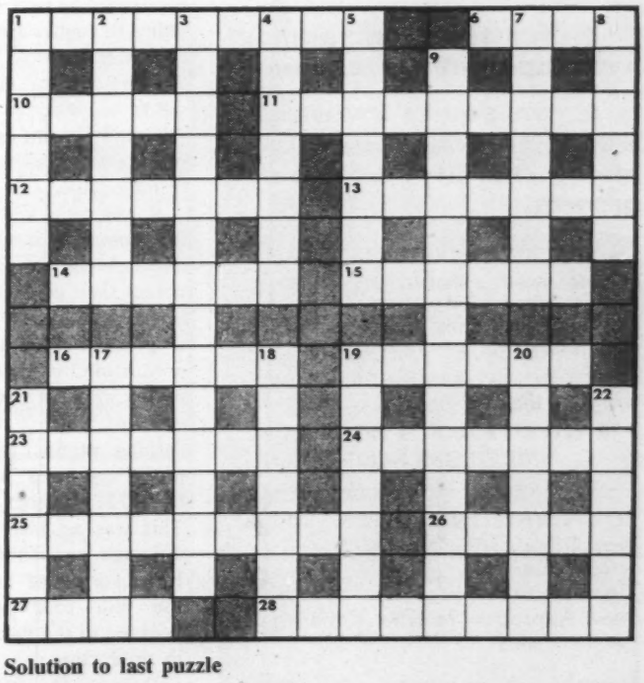
by Louis and Dorothy Crerar

ACROSS

1 Applaud the directors for building homes. (9)
6, 21 Not appropriate wives for sea lords! (10)
10 Not a rope of pearls, but it might twirl around a jewelled headpiece. (5)
11 See 21.
12 Field of death for Scott's Marmion and Scot's James IV. (7)
13 It's hardly right to consider it a nice tax. (7)
14 Taken off to be married with one Scotch inside. (6)
15 A member of the underground finished her. (6)
16 Sophie Tucker's mamma? (3,3)
19 Heathen lacedaemon produced twine, it appears. (6)
23 Monte Cristo's narration? (7)
24 Is it a change for a spy to get in a jam? On the contrary, but it suits him. (7)
25 You won't be in the dark, as it were, if you are. (2,3,4)
26 First person to hand out cards? (5)
27 Fountain of youth? (4)
28 I saw a great deal, he might have said. (9)

DOWN

1 An R.A.F. ace took to the bottle. (6)
2 How real a model looks shows a feeling for style. (1,2,4)
3 1A may be used for this purpose, with 6, 21 in charge, presumably. (8,6)
4 Crooked dealing. (7)
5 Yet ten on this street is a prime number. (7)
7 Taking tea in, ma upset it. (7)
8 Figures on the fingers. (6)
9 It puts pep in a julep mixed with an ice base. (9,5)
17 Your "ex", summoned to appear in court, would naturally be so. (7)
18 Enormous must have been the sinking feeling of its passengers (7)
19 Authorize me to rise first. (7)
20 Say no to this and you'll say nothing. (7)
21, 11 Expectant mothers? (6-2-7)
22 A sash large enough to hold it. (6)



Solution to last puzzle

ACROSS
1 Onlooker
6 Hiking
9 Fatten
10 Stunning
11 Half
12 Alice
13 Wage
14 Harpoon
16 Clement
18 Flutist
20 Painful
23 Bach
24 Query
25 Arch
26 Demoniac
27 Arrive
28 See 3
29 Password

DOWN
2 Niagara
3, 28 Out-of-pocket
4 Kangaroos
5 Ruskin
6 House
7 Kinswoman
8 Nonagon
15, 24 Patchwork quilt
17 Lean years
19 Llanero
21 Uncover
22 Teacup
24 See 15
25 Arrow (465)

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IT IS NOW BEING GENERALLY REALIZED BY COMPANY EXECUTIVES THAT SOME FORM OF HEDGE AGAINST CONTINUING INFLATION IS NECESSARY IF COMPANY PENSION FUNDS ARE TO PROVIDE AN EQUITABLE STANDARD OF LIVING FOR RETIRING EMPLOYEES.

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Gold & Dross

An investment in management — Attraction in Bell Telephone rights — Quick rundown on the metals — Some cigarette statistics.

Dofasco

Do you still like the steel stocks and what do you think about Dofasco in particular? —H.H., London.

The answer to your first question is a qualified yes. There are still elements of attraction in the steels for the long term but this doesn't mean you won't be able to buy them for less. Recent stock prices are unprecedented and reflect a combination of factors: expanding business outlook, fear of inflation, a scarcity of high-grade issues, and a growing public preference for equities. The presence of mutual funds and investment companies in the market is also believed to be contributing to the scarcity of stocks.

Steel is basic to the economy and if North America experiences its anticipated population growth, along with a continued swing to higher living standards, the steel companies should flourish and expand. Shareholders can look forward to lucrative rights to subscribe to new equity capital. Alternatively, the issue by the steel makers of loan securities will increase the leverage of the equities.

It has been said that the investor buying common stocks is basically buying management. Nowhere is this more apparent than in the case of Dofasco (Dominion Foundries & Steel). Its management is good at all branches of the business: production, marketing, bringing out new products, labor and community relations —all of which it bends to its purpose of earning profits. In 1958 it rolled up a gross operating profit of $30.9 million from 731,061 tons of ingots and castings. This was an increase of 26% over 1957 although production increased only 21%. It is worthy of note that unit profits in the past four years have more than doubled in the face of an increase of 40% in production.

Dofasco in 1958 spent $9 million on new plant facilities, and officials have approved additional expenditures of $25 million on finishing equipment. This will increase rolling capacity by 250,000 tons a year, and restore balance between ingot making and finishing capacities. The new finishing equipment will be installed this year and will enable production of new lines which have developed from the company's research. This year will also see full-scale production of ammonia and urea from the plant of Cyanamid of Canada Limited, adjoining Dofasco's bay-front operation in Hamilton, and buying from it byproduct gases.

Dofasco's net profit in 1958 was $11.2 million, or $3.12 a share versus $2.54 in 1957.

Bell Telephone

Bell Telephone Company of Canada has failed to register in the United States for its offering to shareholders of additional shares of stock for subscription. Thus the American shareholder cannot subscribe to stock under the rights, although he may sell the rights, according to the company's offering circular. I understand, however, there is some process whereby the American holder can obtain an equivalent number of shares to what he would be entitled to buy under the rights at practically the same price as though he could exercise the rights if he were a Canadian. Please explain this process. Also why the stock is not being registered in the U.S. And what do you think of Bell as an investment?—B.A., Cleveland, O.

The U.S. holder of Bell Telephone can sell his rights through the Toronto Stock Exchange, then buy stock on the same market. This way he can obtain his stock without putting a Canadian corporation in a position of breaking a U.S. law. The mechanics of the transaction reflect the tendency of the price of rights to keep in line with the price of the previously issued stock and the price at which new stock can be subscribed—in this case $33 a share on the basis of one new share for each seven shares held. Since the stock already issued is selling around $41 a share the rights, which are always discussed as one for each share already held, will have a value of about $1.15 that is the difference between $41 and $33, or $8, divided by seven rights.

Let's say you hold 70 shares which would, if the stock were registered in the U.S. or if you were a resident of Canada, entitle you to buy 10 new shares at $33, or for $330. So you sell 70 rights at $1.15, or a total of $80, buy 10 shares at $41, or $410, and offset this cost with the $80.

This will bring your cost down to practically the same as if you had subscribed at $33, although you will be out $6 or $7 in commissions. But you'll be staying in Bell in the same degree as other holders.

The company has presumably not registered in the U.S. because of a lack of a substantial number of shareholders south of the border.

The attractions of Bell appear to rest largely in the possibility of future subscription rights rather than in substantial market appreciation. Rights can be very lucrative; if sold, the proceeds can be treated as a tax-free dividend and, if exercised, they bring down the shareholder's average cost.

The Metal Outlook

As a holder of stocks of every type of Canadian metal-mining and metal-making company in existence, including aluminum, I would be obliged for a thumbnail sketch of the position and outlook for each metal so as to have some point of reference in determining whether to retain or switch some holdings.—E.A., Ottawa.

You have asked for rather a large plateful but we will try to oblige, although we cannot go beyond the highlights of each metal. Here goes:

Aluminum—Temporary glutting of market should become less evident as the aluminum-fabricating industry, which has been developed largely on the basis of intensive sales promotion, swings back into high gear again. Consumption of aluminum traditionally doubles each decade. Canada will be back in the driver's seat in production of aluminum, owing to her water-power resources.

Steel—The outlook for Canada's producers continues to add stature. Steel companies are currently concentrating on cost-reducing installations of equipment, but look for expanded production facilities as the population increases and the economy expands. Expect some lines now imported to be made in Canada.

Lead and zinc—Surpluses and quotas on imports into U.S. continue to plague Canadian producers but the U.S. is rapidly exhausting her own stores of basic raw materials and Canada's resources of lead and zinc should eventually be welcome south of the border.

Nickel—Canada will maintain her position as the world's major producer of nickel in spite of increased production of the metal elsewhere. Growing demand for nickel is expected to result from increasing applications in alloys and from the development of new markets.

Uranium—Ontario and Saskatchewan will be one of the main suppliers of uranium for a growing number of nuclear power stations all over the world. A temporary oversupply will probably develop after expiration of contracts with the

The Investor and the Industrialist

Combining their money and efforts, these two continue as in the past to be vital to the growth of Canada. Through the funds supplied by the one and the technical knowledge of the other, Canada's natural resources have been utilized and its industry expanded to bring the country to its present important position in world trade.

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United States in 1963. Before 1970, the balance between supply and demand is expected to be restored, and after 1970 further expansion may be required.

Gold—No major developments in gold are anticipated. The gold-mining industry is consolidating its position by the introduction of cost-saving methods. A significant expansion is not expected unless an increase in the price of gold should provide an incentive for further growth.

Copper—A gradual re-employment of present idle copper capacity is expected to result from a depletion of excessive stockpiles, an increasing use and the development of new markets. Canada's copper mines are efficiently operated and competitive. Long-term prospects are good.

Iron ore—The outlook for iron-ore mining is bright. A large increase in demand is foreseen, particularly in the underdeveloped countries of the world. New techniques are expected to make possible the development of low-grade ores.

Barnat Mines

Do you think Barnat Mines shares will go any higher?—S.L., Halifax.

The market valuation of Barnat Mines is discounting an improvement in its prospects. Should these prove to be better than expectations, it could reflect in a higher share price. Look us up in two or three years and we'll tell you whether foresight is better than hindsight.

The company is undertaking a program of expansion designed to bring its daily production rate up to about 2,000 tons from a current rate of 600 to 700 tons. The additional 1,300 tons output would be shipped to a nearby plant for custom treatment.

The production rate should be boosted up to 1,600 tons per day by July this year, and the 2,000-ton objective should be attained about the end of the year.

The large-scale expansion reflects the new porphyry orebody found last year in underground exploration about 1200 feet northwest of the shaft. This porphyry mass is indicated to contain an estimated 5.5 million tons and is open on plunge to the west.

The increased production rate should be accomplished at a minimum of costs, about $250,000. It could also be expected to lower unit costs.

Imperial Tobacco

Anything new and startling at Imperial Tobacco that the investor should know?—D.M., Hamilton.

The best indication of Imperial Tobacco's position and outlook is provided by figures released by the Dominion Bureau of Statistics covering tobacco consumption since 1958. In this period tax-paid withdrawals of cigarettes for consumption in Canada as indicated by the sale of excise

evenue stamps, increased 7.5% to a record 32,402,186,000 from 1957's previous peak of 30,149,746,000. Withdrawals of cigars advanced 10.4% to 323,124,000 from 292,650,000, cut tobacco 4.1% to 21,551,000 pounds from 20,419,000, plug tobacco 15.9% to 1,298,000 pounds from 1,120,000 and raw leaf 5.4% to 1,040,000 pounds from 987,000, but snuff declined 2% to 783,000 pounds from 799,000.

Any way you look at it, smoking appears to be here to stay; and a company producing smokes should flourish.

Canadian Vickers

Is Canadian Vickers looking any better?—K.F., Montreal.

The outlook for the immediate future of Canadian Vickers is for a lower level of operations than prevailed in 1958. Officials are, however, hopeful that the seaway which is to open this year, will result in more ships making use of the company's repair and maintenance facilities. It is expected that the whole inland water development will open the way for more and larger industrial expansion, thereby creating a substantial demand for capital goods which Vickers supplies.

Company's operations during the past year reflect the general reduction in the purchase of capital goods for heavy industries. The engineering division has completed the bulk of its outstanding orders, leaving it with a greatly reduced backlog for the year 1959.

Consolidated net profit for the year ended November 30, 1958, was $1,085,289 versus $1,766,756 the previous year. This reflects a decline in operating profit to $2,712,745 from $3,989,728, and an increase in depreciation to $732,036 from $586,088.

In Brief

Is Norlartic Mines producing?—R.J., Hamilton.

To be brought into production on the basis of shipping ore to the mill of Malartic Gold Fields.

Any market for Groundhog Gold Mines Limited?—T.H., Ottawa.

Not a shadow of a bid for some time.

Any line on Gold Star Mines?—S.W., Brantford.

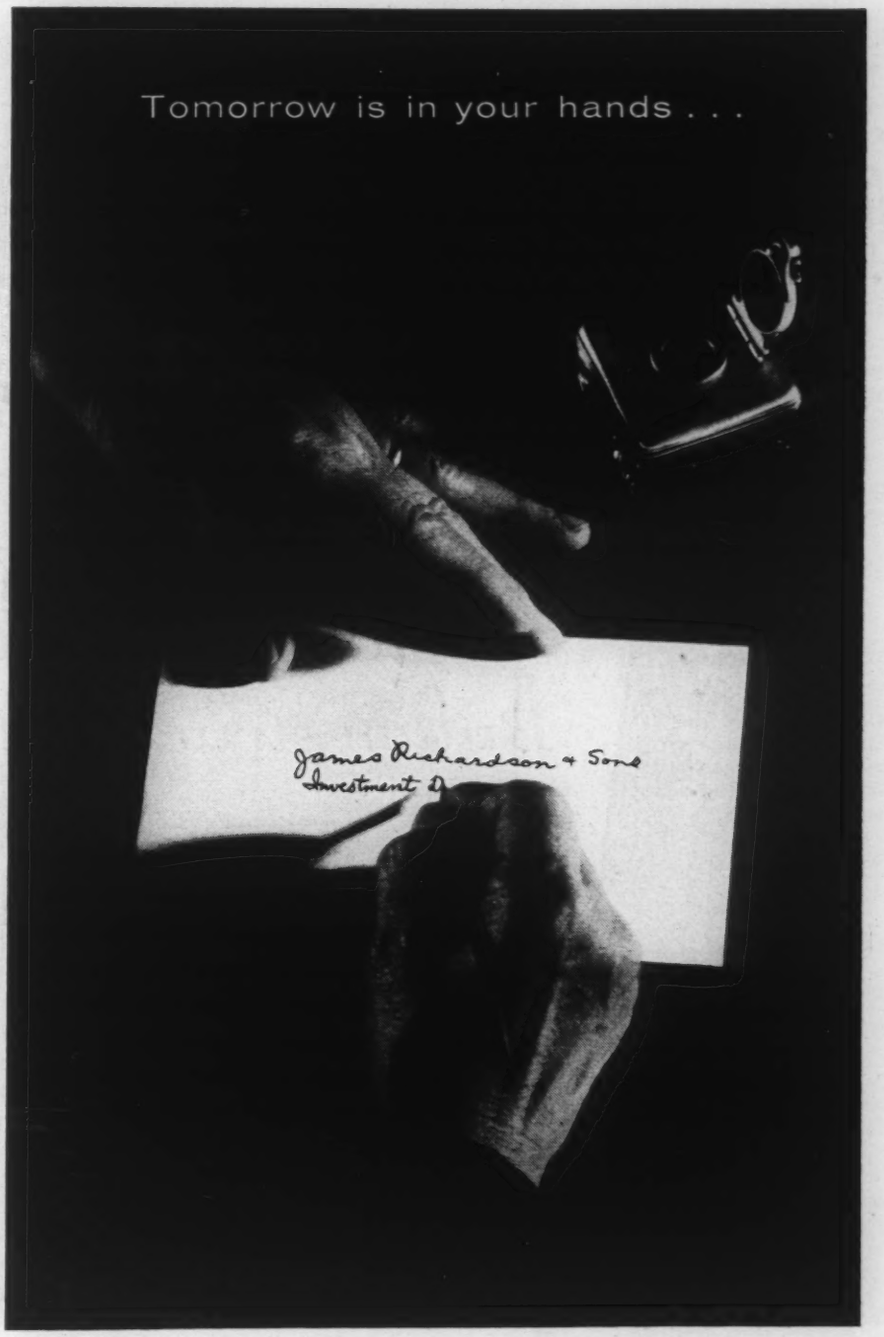
Ceased twinkling many years ago.

Has Jasper Porcupine been heard from lately?—C.H., Barrie.

Continues idle.

What happened to Ore Chimney Mining? E.G., Sarnia.

Charter cancelled a couple of years back.



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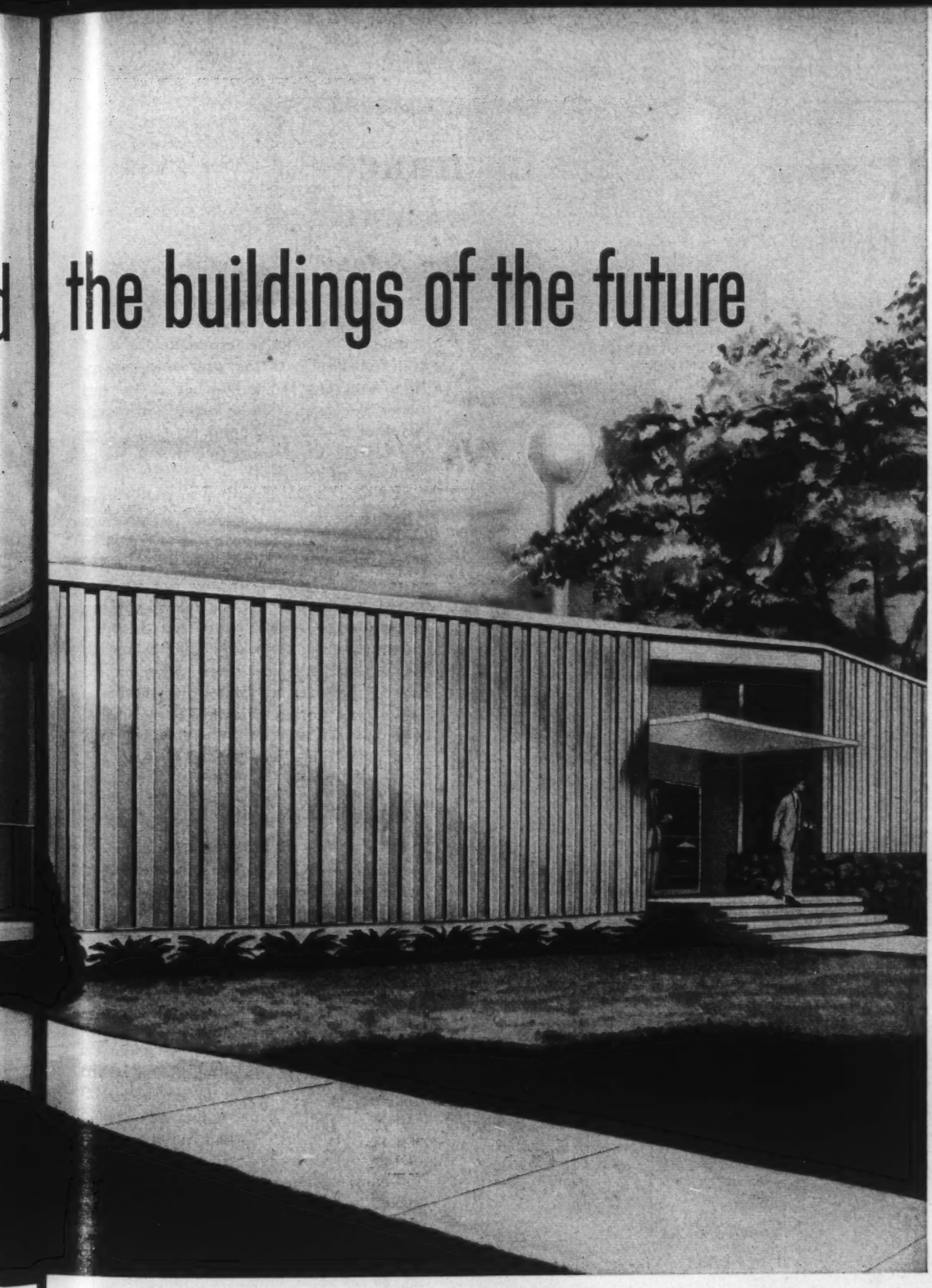

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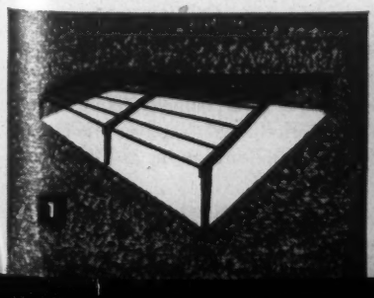

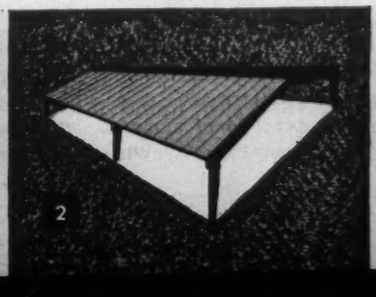

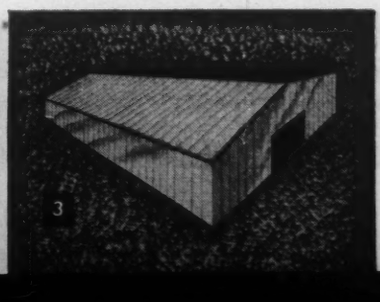

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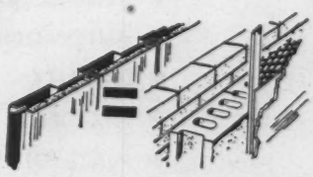

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Insurance

by William Sclater

Speeding Ambulance

I am interested in putting in an ambulance service in a small city. I would like to know what the auto liability insurance would cost. Is there any reduction if I do not have a siren and keep all traffic regulations like other autos? Have you any figures showing if ambulance driving with screeching siren and going through traffic lights causes more accidents and injures more people than it serves?—D. J., Kitchener.

Public Liability and Property Damage insurance in the amounts of $10,000—$20,000 and $5,000 would cost you about $56 for a private ambulance. For a public ambulance the rate would be double that. I do not know of any reduction for operating without a siren and obeying all regular traffic signals, but you raise an interesting point.

There is a growing recognition among responsible authorities that the siren-screeching speeding ambulance in a city today quite definitely increases the accident and injury rate. U.S. studies showed a marked drop in accident statistics when ambulances were required to operate like normal traffic. While one in 2,500 cases might be adversely affected by a traffic delay at least 20% of patients en route to hospital could suffer death or permanent invalidism as a result of a wild, siren-screeching ride. Summing up from available statistics it would appear that the speeding ambulance is an outmoded concept and a public danger in the complex traffic pattern of the modern city.

Auto Coverage

Would I not be better off under this new proof of responsibility law to change my former comprehensive auto policy to a straight minimum limit P.L. & P.D. Why should I pay high-priced collision insurance when the other fellow is protected now if I hit him and I am protected by his coverage if he hits me, regardless of fault? Wouldn't this be the smart angle to consider in auto insurance coverage now?—L.P., Toronto.

While I appreciate your attitude and the reasons for it I think you have to bear in mind that the Unsatisfied Judgment Fund does not protect you against loss for damages caused by the operation of a motor vehicle owned or driven by you. What should be considered here is the value of collision insurance for your own protection. You may be a first-rate driver but under the general road hazards in which many of us drive, including icy roads, even the best of drivers may find themselves at fault for an accident.

Are you prepared to pay anything from $100 to $2,000 for repair or replacement of your own car following an accident in which you are at fault? The other fellow is protected against you and you are protected against him but the fellow you are not protected against is yourself. Liability claims can be financially ruinous too so I'd suggest, for the small premium involved, you get up above the minimum limits and consider taking out collision with possibly a $100 deductible for your own protection.

Careful Women

Why is it that if auto insurance rates are averaged over the whole country young men are so heavily penalized and young women are not?—D.B., Winnipeg.

Auto insurance rates are averaged by groups. Young men under 25, as a group, are rated as the poorest drivers in the country according to the accident statistics. A young man in the under 25 age group causes twice as many liability claims as you find on the average family car where there is no male driver in the under 25 category. What is worse is that such claims average $100 higher than similar claims in other groups.

Young women under 25 are not charged higher rates because, as a group, they do not have the same high ratio of accidents and seem to be able to control the impulse to speed which is responsible for so many of the accidents involving young men.

Government Annuity

Can I buy a Government annuity that would cover both my wife and myself if one or other of us died so that the survivor would draw the annuity? Could I pay the premium and claim the income tax deduction?—J.E., Orillia.

You can do that. What you want is a Contingent Survivor type of annuity. When it matures after being paid up over the agreed period the taxpayer receives the instalments as long as he or she lives

and then the annuity continues payment to the other survivor for the duration of his or her life. If a husband or wife should die before the annuity commences the contract will be readjusted to the basis of a single life.

Roof Aerials

You mentioned that television aerials would be affected by the changes and revisions in the fire and extended coverages insurance that came into effect first of the year. Will this affect my policy which I renewed in April, 1958?—G.H., Toronto.

Your policy will not be affected until it comes up again for renewal. None of the revisions and changes announced will have any effect on policies written prior to Dec. 31st, 1958. As some insurance readers have pointed out such claims will not be completely eliminated until the end of 1961.

Store Damage

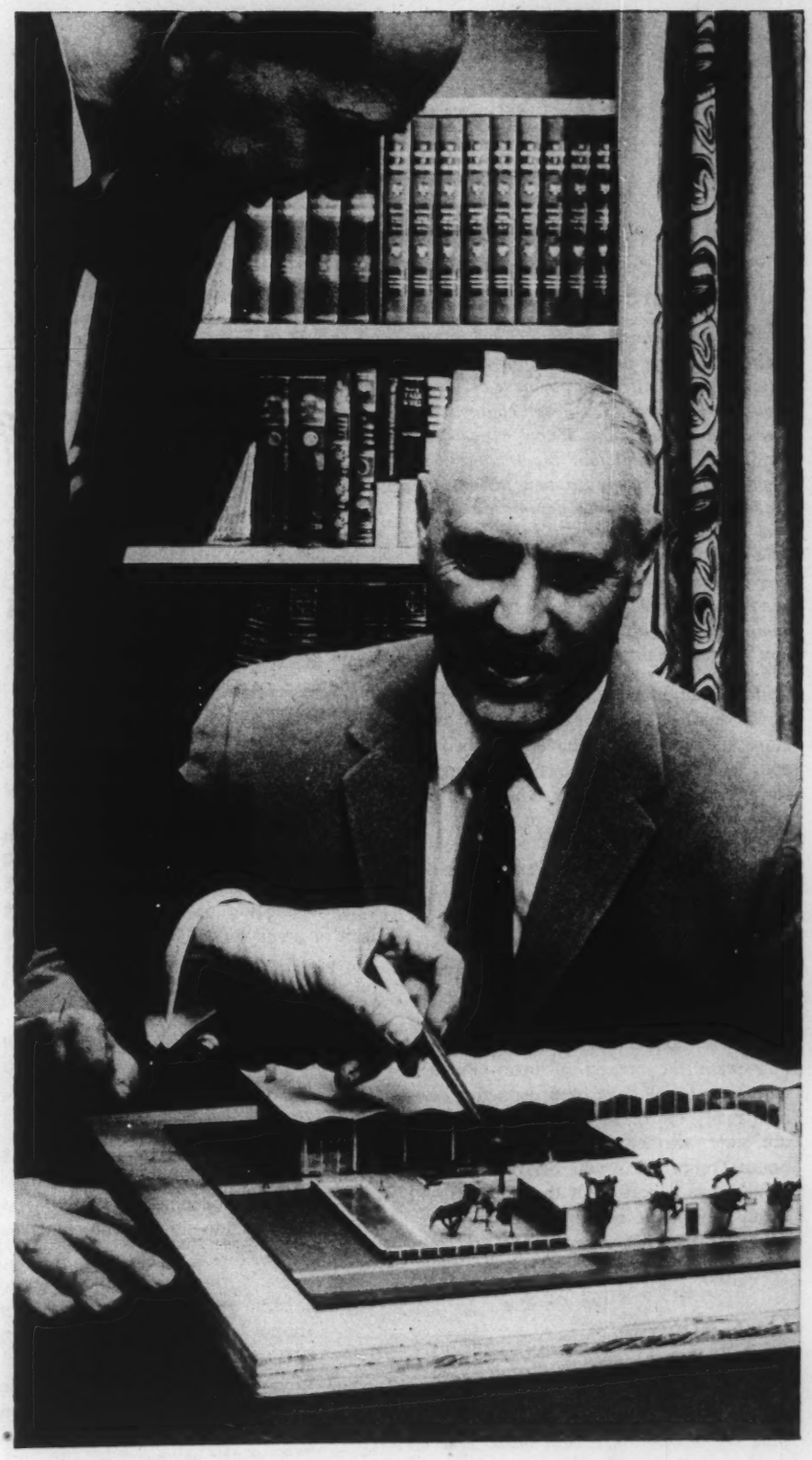
My wife and I rent and operate a retail store, a one-storey building with false front. The ceiling fell in recently, damaging our merchandise and forcing us to close most of the store until repairs could be made. The supporting ceiling beams are deteriorated. Is this covered by insurance and how should I seek redress?—C.H., Sarnia.

Sounds like you should seek redress from the owner of the building. He may have liability insurance against such a contingency. If it was a new building within the last six months or so, the Contractor would probably have a policy covering against any such eventuality but, if the beams are deteriorated as you say, it sounds like an old building or a poorly built one. Better have your lawyer check your lease first.

Reducing Term

Is it possible to buy insurance that will gradually reduce in amount as my need for it is reduced? While I would need about $25,000 now I would only need about $10,000 ten years from now. Could you give me some idea of cost of this for a man near 40?—J.A.C., Calgary.

Yes it is. What you are interested in is reducing term insurance. Check up on this with a life insurance underwriter. Rates are dependent on age and amount but offhand I know of one company policy that offers $25,000 to begin with on a reducing term plan on which the premium for a man age 40 is approximately $112 per annum. There are other angles to this type of insurance also which include mortgage protection, sickness and accident disability and medical benefits that it may pay you to examine at the same time.



DESIGNED FOR THE MAN OF RESPONSIBILITY

As a man of responsibility you are vitally concerned with future planning for your business and family. Other men of responsibility have found help in these matters through trust company specialists. You are invited by the trust companies of Canada to consider the long-term advantages of appointing a trust company as your executor and trustee—to manage personal and employee pension plans—to look after investments and real estate. Contact any trust company; its officers will be happy to give you full details.

Your Taxes

By Garfield P. Smith, CA

House Depreciation

In 1936 I purchased a house and it has been rented ever since. As there was very little profit left after the payment of taxes, insurance and repairs, I never claimed depreciation on the house. I now wish to sell the house, but find that the Income Tax Department want me to pay tax on the profit. When I purchased the house twenty-two years ago, it cost $3,000. In my opinion it is now worth about $1,500, however due to the real estate boom I can possibly get $6,000 for it, less the selling commission. Kindly advise what depreciation I can claim.—H.J., Vernon.

If the Taxation Division wish to tax you in this matter, there must be a good deal more to it than you have described in your letter. If you have owned a property for twenty-two years from which you derived rental income, the profit on the sale of the property would not normally give rise to taxable income, except for the recovery of capital cost allowance claimed after 1948. However, you advise that none has ever been claimed.

It may be that your profits on rental operations have been improperly computed, and that you in fact had income subject to tax, and the department may now want the arrears of taxes. For example, you may have been deducting payments of mortgage principal. You do not state whether or not you live in the house from which you derive rental income. If so a portion of the expenses will be disallowed as relating to personal occupancy. I would suggest that you take this matter up with a local CA.

Cost Allowance

A few years ago, I purchased a truck. Last year, I sold the truck for $150, but have received no payment yet. As I report my income on a cash basis, how do I account for the depreciation adjustment for income tax purposes? — J.E.S., Thorold.

The method of computing capital cost allowance, and the subsequent recapture, is unaffected by whether your income is computed on a cash or accrual basis. Thus, if you have acquired a depreciable asset for use in your business, capital cost allowance may be claimed regardless of whether or not the asset has been paid for, and when it is sold, a terminal allowance, or recapture will apply, whether or not you have been paid for the asset.

If the truck were used exclusively for your business, capital cost allowance may be claimed at the rate of 30% per annum on the reducing balance, or such lesser amount as you may wish to claim. If the truck were sold for less than its depreciated value, the excess must be included in income in the year of sale. The above adjustments at the time of sale, apply only where there is one asset in a class. If there are several assets in the class, or if another asset in the same class is purchased before the end of the year, then the adjustment is added to, or deducted from, the remaining assets in the class, as the case may be.

In such cases the adjustment is not reflected in the income of one year, but actually modifies the capital cost allowance which may be claimed in subsequent years. When the class is ultimately disposed of, so that there are no assets in the class at the end of the fiscal period, then an adjustment must be made to income, depending on whether there is a debit or credit balance in the class.

Depletion

What deduction may I claim for depletion if I have received interest or dividends from mining companies? — L.E.C., Brampton.

Where a dividend was received in 1958 from a corporation carrying on business in Canada, whose income included mineral profits, a deduction for depletion may be made as follows:

(a) 10% of the dividend, where the mineral profits of the corporation are not less than 25% but less than 50% of its income.

(b) 15% of the dividend, where the mineral profits of the corporation are not less than 50% but less than 75% of the income.

(c) 20% of the dividend where the mineral profits of the corporation are not less than 75% of its income.

Where a dividend was received in 1958 from a corporation that was not carrying on business in Canada, a depletion allowance of 15% of the dividend is allowed as a deduction, if the mineral profits of the corporation are not less than 50% of its income. If none of the above requirements are met, then no depletion is allowed.

The regulations were changed for 1959, so that the deduction formerly applicable to a corporation carrying on business in Canada, is applicable where a dividend is received from a corporation that is resident in Canada, except where such corporation carried on its operations entirely outside of Canada. No deduction for 1959 is allowed for dividends received from non-resident corporations. Depletion, as described above, applies only to dividends received. There is no depletion allowance in respect of interest.

Business Losses

To what extent may business losses be applied against income of other years? — W.I., Winnipeg.

Business losses must first be applied against other income for the year in which the loss was sustained. The excess loss may then be used to reduce the business income of the preceding year. The balance of unabsorbed loss, if any, may then be carried forward and applied against the business profits of each of the five succeeding years in order, until the loss is used up. If the loss is not fully absorbed by the fifth year after the year in which the loss was incurred, the loss will have been absorbed to the full extent permitted under the Act, and no further use can be made of the balance.

For 1957 and prior years, no loss could be deducted from business income unless the income was earned in the same business in which the loss was sustained. For 1958 and subsequent years, this restriction was lifted so that the profit may be from a different business than that in which the loss was incurred. There are two exceptions to this rule as follows: Where a business loss has been incurred by a corporation, and more than 50% of the shares in the capital stock of the corporation has subsequently been acquired by a person or persons who did not own shares in the capital stock of the corporation in the year of loss, then the loss may not be deducted unless the income from which it is deducted is from the same business in which the loss was incurred. Also, where a person is engaged in farming, and farming does not form all, or part of his chief source of income, then no part of the farm loss may be used to reduce the income of another year from a different business.

This change in legislation was apparently enacted so that a person who was unsuccessful in one business, would not be deprived of the loss carry-forward provisions of the act, merely because he gave up that business and decided to try his hand in a new venture. A restriction was placed on corporations, so that while they ordinarily may carry forward their losses to different business, the shareholders of the corporations may not transfer this benefit to other persons by selling their shares in the corporation.

Business Books

Bank of Canada Operations and Policy, by E. O. Neufeld—pp. 215, with tables—*University of Toronto Press—$5.95.*

An intensive, critical study of the Bank of Canada, Mr. Neufeld's book is probably the most authoritative work on the growth of this country's central bank yet produced. This is not to say that none of Mr. Neufeld's contentions is beyond dispute: his techniques for appraising the central bank's policy, for example, will undoubtedly be questioned. But there can be no question that this is a first-rate addition to the steadily growing library on Canadian finance.

Marketing in Canada, by Edward J. Fox and David S. R. Leighton—pp. 400—*General Publishing—$8.50.*

This book is an assembly of contributions by Canadian businessmen, economists and others aimed at outlining the attractions of Canada, as a market, to U.S. manufacturers. To a Canadian, much of the information it contains is elementary. What surprises, however, is that the American Marketing Association, which sponsored the work, should have found it necessary to provide U.S. businessmen with such a plentitude of basic facts. Salutary reading for Canadians with an exaggerated opinion of this country's importance to the U.S.

Tariffs, Markets and Economic Progress, by Ronald B. MacPherson—pp. 91—*Copp Clark—$3.50.*

Mr. MacPherson's thesis is that conventional economics cannot be applied to the problems of Canadian development. His points are that secondary industry must be nurtured by a more flexible tariff system aimed at creating markets for manufactured goods; tariffs can be used to enlarge markets without increasing prices. As a general thesis this will certainly spark debate. In his own terms, however, Mr. MacPherson has developed a cogent, convincing argument.

Canadian Monetary, Banking and Fiscal Development, by R. Craig McIvor—pp. 263—*Macmillan—$4.75.*

Dr. McIvor, a professor of economics in McMaster University, has traced the evolution of monetary and fiscal developments from the time of New France in the seventeenth century to the present. The result is obviously the distillate of a great deal of knowledge and understanding. The latter chapters dealing with current problems of monetary and fiscal policy and control are of especial interest. In all, an invaluable book to all concerned with problems of national policies.

R.M.B.

WHY SOME PEOPLE ALMOST ALWAYS MAKE MONEY IN THE STOCK MARKET

WHY DO SOME "foolhardy" people make money in the stock market, while some of the most cautious people "lose their shirts"? What is the basic secret of preserving and multiplying your family nest egg?

After 35 years as a stock market investor, writer, broker and advisor, G. M. Loeb is more convinced than ever of the answer: most investors have mistaken ideas about true financial safety.

According to Mr. Loeb, who is a partner in the famed brokerage firm of E. F. Hutton & Company, it is actually safer to put a small portion of your capital in a well chosen speculative stock and keep the rest of it idle—than it is to put all of it in a supposedly "safe" blue-chip stock. And he tells why, based upon facts drawn from his wealth of successful experience.

This is just some of the startling advice given in his unusual how-to-invest book, "THE BATTLE FOR INVESTMENT SURVIVAL". (100,000 copies have already been sold!) And here is some more:

- Diversification can limit profits.
- The fact that a stock is widely held by investment trusts is not always a good reason for buying.
- "Dollar averaging" is, most of the time, throwing good money after bad.

—It's really safer to aim at doubling your money than to aim at investing it for a 4% to 6% return.

What makes Mr. Loeb's daring rules so impressive is that he is not an ivory-tower theorist who has namely tested his ideas "on paper". Instead, he is one teacher who for 35 years has practised with cold cash what he preaches. And with big-profit results—for, as Newsweek Magazine says about his book, "written by a man who has outsmarted the market for years."

In this book he warns of Pitfalls for the Inexperienced . . . tells What to Look For in Security Programmes . . . What to By-and When . . . Advantages of Switching Stocks . . . How to Gain Profits by Taking Losses . . . How to Detect "Good" Buying or "Good" Selling . . . and many other "insiders" secrets. No wonder the Wall Street Journal says: "His books is a must."

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CANADIAN PACIFIC RAILWAY COMPANY

78th ANNUAL REPORT OF THE DIRECTORS TO THE SHAREHOLDERS (Abridged)

Your Directors present herein their report on the results and developments of the past year.

The decrease in the volume of industrial production in Canada in 1958 contributed to a lessening of demand for many of your railway services. Nevertheless, your Directors feel that the year was one of solid achievement. Real progress was made in the use of modern methods and the decline in revenue was matched by a proportionate reduction in expenses. The outcome of the dispute as to the need for firemen on diesel locomotives in freight and yard service, the activity now underway to integrate the handling of less-than-carload and express traffic, and the growing success of your piggyback service which became evident during the year, give promise of a steady increase in the efficiency and quality of railway service.

Railway revenue was 4% below that of the previous year notwithstanding that higher freight rates produced an increase of $7.9 million in revenue in 1958 and that revenue in 1957 had been adversely affected by a nine-day strike.

Freight traffic volume measured in ton miles showed a net decrease of only 1.5%. The lesser decline in volume than in revenue resulted from the fact that a major increase occurred in the movement of low-rated grain and grain products while higher-rated general freight traffic decreased. The grain and grain products movement, the largest part of which is at the fixed statutory Crowsnest Pass rates, accounted for 34% of all freight service performed in 1958 but produced only 14% of total freight revenue.

Rising labour costs were again of paramount concern to your Company. Agreements with organized employees for increases in wage rates recommended by a Board of Conciliation which were in part retroactive to January 1, 1958, were concluded only after the necessary revenue was ensured from an increase in freight rates. The increase in the general level of freight rates authorized by the Board of Transport Commissioners was 17% effective December 1. An appeal to the Governor-in-Council by objecting provinces was dismissed.

Faced during the year with falling revenue, rising labour costs, and the fixed nature of many railway expenses, your management acted promptly to control expenses. This measure and the economies resulting from the use of more efficient equipment and methods held the decline in net earnings to $1.8 million from the previous year. The rate of return on your net investment in railway property was 2.7%.

Other Income declined by $10.0 million as a result of decreases in income from almost all sources. Dividends declared by The Consolidated Mining and Smelting Company of Canada Limited were sharply lower, and losses were incurred in the operation of your steamships, air lines and hotels. Net income from petroleum rents, royalties, reservation fees and land rents was also lower mainly as a result of unfavourable market conditions for crude oil.

Net Income, after fixed charges, amounted to $32.9 million and represented earnings of 3% on Shareholders' Equity of $1,113 million. After providing for dividends of 4% on Preference Stock and $1.50 per share on Ordinary Stock, there was left a balance of $8.6 million available for modernization and other corporate purposes.

Capital expenditures in the amount of $94 million were undertaken during the year. Of this, $81 million was expended on railway plant and equipment, and the remainder on communications, hotels, steamships and other properties. Gross investment in Properties at year end was $2,279 million, an increase of $49 million, and working capital, at $82.2 million, was up $18.3 million from 1957.

The Income and Retained Income Accounts show the following for year ended December 31, 1958:

INCOME ACCOUNT

Railway Revenue		$467,410,853
Railway Expenses		430,919,006
Net Earnings		$ 36,491,847
Other Income		13,408,712
		$ 49,900,559
Fixed Charges		16,997,521
Net Income		$ 32,903,038
Dividends:		
Preference Stock	$ 3,068,538	
Ordinary Stock	21,217,963	
		24,286,501
Balance transferred to Retained Income Account		$ 8,616,537

RETAINED INCOME ACCOUNT

Retained Income (Balance), December 31, 1957		$487,320,647
Balance of Income Account for the year ended December 31, 1958	$ 8,616,537	
Net Proceeds from Sales of Lands and Townsites	4,682,211	
Excess of considerations received for sales of properties over book values	2,550,416	
Miscellaneous (Net)	622,528	
		16,471,692
Retained Income (Balance) December 31, 1958, as per Balance Sheet		$503,792,339

HIGHLIGHTS

YEAR'S RESULTS	1958	1957	Increase or *Decrease*
Railway Revenue	$467,410,853	$487,565,479	*$20,154,626*
Railway Expenses	430,919,006	449,319,097	*18,400,091*
Net Earnings	36,491,847	38,246,382	*1,754,535*
Ratio Railway Expenses to Railway Revenue	92.2%	92.2%	—
Other Income	$ 13,408,712	$ 23,441,276	*$10,032,564*
Interest and Rental Charges	16,997,521	14,901,935	2,095,586
Dividends—Preference Stock	3,068,538	3,029,053	39,485
—Ordinary Stock	21,217,963	21,090,379	127,584
Balance for Modernization and Other Corporate Purposes	8,616,537	22,666,291	*14,049,754*
YEAR-END POSITION			
Working Capital	$ 82,197,504	$ 63,940,973	$18,256,531
Investments	163,197,279	136,334,723	26,862,556
Properties	2,278,665,735	2,229,262,112	49,403,623
Funded Debt	192,471,000	144,133,500	48,337,500
TAX ACCRUALS			
Income Taxes	$ 23,640,000	$ 30,500,000	*$ 6,860,000*
Property and Other Taxes	10,909,292	11,290,160	*380,868*
TRAFFIC			
Tons of Revenue Freight Carried	54,367,279	58,493,389	*4,126,110*
Revenue Passengers Carried	7,745,860	8,037,390	*291,530*
Revenue per Ton Mile of Freight	1.47c	1.50c	*0.03c.*
Revenue per Passenger Mile	3.08c	2.89c	0.19c
EMPLOYEES			
Employees, All Services	82,853	89,720	*6,867*
Total Payroll	$316,116,884	$322,226,843	*$6,109,959*
Average Annual Wage	$ 3,815	$ 3,591	$ 224

Railway Operations

Net railway earnings amounted to $36.5 million, a decrease of $1.8 million, or 5%, from the previous year. The ratio of net earnings to gross revenue was 7.8% and while this ratio was the same as that of the previous year, it was substantially less than adequate.

Railway revenue, at $467 million, was $20 million, or 4%, lower than in 1957. Freight traffic, which provided four-fifths of total revenue, accounted for $15 million of this decrease. Expanded common carrier piggyback services added $4.5 million to freight revenue and freight rate increases approximately $7.9 million.

Despite the yield from increased freight rates, the average revenue for the carriage of a ton of freight a distance of one mile decreased from 1.50c to 1.47c. This was the result of a 6% increase in the movement of low-rated grain and grain products, and a decrease of 5% in the total of all other commodities.

There were marked decreases in ton miles of animals and animal products; mine products; logs and pulpwood; manufactured goods, including non-ferrous metals, iron and steel products, heavy machinery, agricultural implements, automobiles and newsprint; miscellaneous commodities, mainly petroleum products, cement and less-than-carload merchandise. Contrasting with this general decline, there were, in addition to the increase in volume of grain and grain products, increases in fruits and vegetables, iron ore, lumber, woodpulp, paperboard and canned goods. The volume of merchandise traffic handled in piggyback service for common carriers was approximately 780,000 tons. This exceeded the volume of less-than-carload traffic, which between 1947 and 1958 dropped from 1,681,000 tons to 557,000 tons.

Passenger traffic decreased from 1.3 billion to 1.1 billion revenue passenger miles. The number of passengers carried declined from 8.0 million to 7.7 million, and the average passenger journey, at 148 miles, was 18 miles shorter than in 1957. In addition to a decrease in ordinary passenger traffic, decreases occurred in military traffic, immigration and other traffic originating in Europe, and in interline traffic.

Mail revenue decreased, partly as a result of passenger train service reductions to eliminate unprofitable services.

Express revenue was up slightly from 1957 as a result of rate increases. Expenses increased less than revenue, and, as a result, the net earnings of your Express Company carried to railway earnings as compensation for the carriage of express traffic were higher by 1%.

Railway expenses, at $431 million, were $18 million, or 4%, below the previous year. This decrease was in full proportion to the decrease in revenue and was achieved through reductions in maintenance work and savings produced from capital outlays, notably for diesel locomotives, despite the fact that higher wage costs added $9.7 million to expenses.

It has been deemed prudent to adopt in the accounts of your Company the straight-line basis of depreciation adopted by the Board of Transport Commissioners for rate-making purposes. This change was effective July 1, and depreciation accruals were $1.7 million higher than they would have been had the user basis of depreciation continued for the full year.

Road maintenance expenses were 3% below those of 1957. This decrease was the result mainly of reduced repair work on structures. Track maintenance expenditures were near the level of the previous year.

Equipment maintenance expenses decreased 2%. There was a marked decrease in locomotive repair expenses as fewer steam locomotives underwent heavy repairs, although this was partly offset by an increase in diesel locomotive repair expense as more units came due for extensive overhaul. Freight car repair expense was down 6%. There was a reduction in the number of cars repaired during the year, particularly those requiring major repairs.

Transportation expenses decreased 5%, and for the fourth successive year the ratio of transportation expenses to railway revenue was reduced. The increased use of diesel locomotives in road and yard service and of rail diesel cars in passenger service resulted in a saving in fuel, train crew wages and enginehouse expenses of some $10.6 million as compared with the previous year. The proportion of total transportation work performed by diesel power in the year averaged 89% in freight service, 91% in passenger service and 89% in yard service. Notable improvements continued to be effected in service and operating efficiency, and increases were again recorded in average freight train speed and train load. This resulted in a new high in gross ton miles per freight train hour, which in 1958 represented an increase of 57% over 1948.

Other Income

Other Income, after income taxes, amounted to $13.4 million, a decrease of $10.0 million from the previous year.

Steamship operations resulted in a deficit of $1.2 million as compared with a profit of $2.0 million in 1957. Freight revenue from your ocean steamships was adversely affected by depressed ocean rates, particularly on grain and flour, and reduced eastbound traffic. Passenger volume was lower largely owing to reduced immigration traffic, and fewer sailings as a result of the withdrawal from service of the "Empress of Scotland" which had operated for eleven months in 1957. Operation of your coastal steamships resulted in a deficit. The decrease in revenue, owing to the strike of steamship employees on the Pacific Coast, was greater than the decrease in expenses.

Operation of hotels resulted in a deficit of $2.1 million as compared with a profit of $97,000 in 1957. The decrease reflected increased wage costs; the limitation of facilities at the Royal York Hotel owing to construction work on the new extension; and the adverse effect on revenue of the Empress Hotel from the strike of British Columbia Coastal Steamship employees.

Net earnings from communication services amounted to $2.4 million as compared with $2.2 million in the previous year. An improvement in revenue exceeded the increase in expenses resulting from higher labour costs.

Dividend income, at $7.9 million, was down $4.7 million. Dividends from your holdings of Capital Stock of The Consolidated Mining and Smelting Company of Canada Limited at the rate of $0.80 per share amounted to $6,730,000 as compared with a rate of $1.35 per share amounting to $11,356,875 in the previous year. Earnings per share of that Company were $0.86 in 1958 and $1.13 in 1957.

Net income from petroleum rents, royalties, reservation fees and land rents, before provision for income taxes, amounted to $6.8 million, a decrease of $1.6 million. The decrease reflects generally unfavourable markets for crude oil and the transfer of certain revenue-producing mineral rights to your wholly-owned subsidiary, Canadian Pacific Oil and Gas Limited. Royalties were received by your Company on 11.2 million barrels of crude oil production as compared with 17.9 million barrels in 1957. At the end of the year there were 720 producing wells from which royalties were being received as compared with 895 at the end of 1957. Particulars as to the revenue-producing mineral rights transferred are given in the section of the Report covering the subsidiary company.

Net income from interest, separately operated properties and miscellaneous sources amounted to $3.8 million, a decrease of $1.4 million. This was the result of charges against income arising from losses of Canadian Pacific Air Lines, Limited, and Canadian Pacific Transport Company, Limited.

Fixed Charges

Fixed Charges, at $17.0 million, were $2.1 million higher than in 1957 as a result of the issue of $40 million of Twenty-five Year 5% Collateral Trust Bonds, dated February 1, 1958, and $20 million of 4½% Equipment Trust Certificates, Series O, dated June 2, 1958.

Net Income and Dividends

Net Income, after fixed charges, at $32.9 million, was down by $13.9 million. After provision for dividends on Preference Stock, earnings available for dividends on Ordinary Stock and for reinvestment amounted to $29.8 million. This was equal to $2.09 per share on 14,211,783 shares of Ordinary Stock outstanding at the end of the year, compared with $3.11 per share on 14,066,271 shares at the end of 1957.

Dividends were declared on Preference Stock at the same rates as in 1957, comprising 2% paid August 1, 1958, and 2% paid February 2, 1959. Dividends on Ordinary Stock amounted to $1.50 per share, the same as for the year 1957, comprising 75 cents paid August 1, 1958, and 75 cents paid February 27, 1959.

Land Transactions

Net proceeds from sales of lands and townsites amounted to $4.7 million, a decrease of $2.9 million. Sales included 9,587 acres of timber land, 4,485 acres of farm land, and mineral rights in 36,787 acres of land conveyed to your wholly-owned subsidiary Canadian Pacific Oil and Gas Limited. Contracts involving 6,375 acres of land sold in prior years were cancelled.

Balance Sheet

Total assets at the end of the year amounted to $2,655 million, an increase of $102 million.

Working capital, at $82.2 million, was up $18.3 million.

Investments made by your Company included purchases of Common and Preference Stock of Smithsons Holdings Limited for $7.7 million and $510,000, respectively; Preference Stock of Smith Transport Limited in the amount of $137,000; Capital Stock of Canadian Pacific Transport Company, Limited, and Canadian Pacific Steamships, Limited, in the amounts of $1.0 million and $385,000, respectively; and Capital Stock and First Mortgage Bonds of Northern Alberta Railways Company in the amounts of $1.1 million and $2.0 million, respectively.

The net additions to Properties, after retirements, were $49.4 million. The railways and undertakings of nine wholly-owned leased railway companies having a book cost of $22,510,584 were vested in your railway. The total book cost of railway properties is not affected by the resultant transfer of assets.

The Tax Equalization Reserve, recording the amount of income tax liability arising since 1954 from taking capital cost allowances for tax payment purposes in excess of depreciation accruals charged income, increased by $2.2 million. A decision was made by your Directors not to claim capital cost allowances in excess of depreciation accruals in respect of rail property. This step was taken as a result of a decision of the Governor-in-Council on an appeal from the decision of the Board of Transport Commissioners which in effect deprived your Company of the advantages provided by the Income Tax Regulations in respect of capital cost allowances.

Shareholders' Equity per $25.00 of capital stock amounted to $56.50 at year end, an increase of $11.00, or 24%, since 1949. The increase in Shareholders' Equity in this period amounted to $255 million, of which $235 million resulted from the reinvestment of retained earnings in your enterprise and $20 million from the increase in Ordinary Stock outstanding owing to conversions of Collateral Trust Bonds.

Finance

As noted in the last Annual Report, Twenty-five Year 5% Collateral Trust Bonds, dated February 1, 1958, were issued and sold in the principal amount of $40 million, secured by pledge of $48 million principal amount of Consolidated Debenture Stock.

On June 2, The Royal Trust Company, as Trustee, entered into an agreement whereby $20 million principal amount of Equipment Trust Certificates was issued, guaranteed as to principal and interest by your Company. This issue, designated as Series O, maturing in equal annual instalments from June 1, 1959, to June 1, 1968, inclusive, is payable in Canadian currency, and bears interest at 4½% per annum. Under the agreement, equipment constructed or to be constructed at an estimated cost of $25,016,546 in Canadian funds is leased to your Company at a rental equal to the instalments of principal and interest on the Equipment Trust Certificates.

Serial equipment obligations amounting to $8,018,000 were discharged; $3,618,500 Convertible Twenty Year 3½% Collateral Trust Bonds, $8,000 Convertible Fifteen Year 3½% Collateral Trust Bonds and $18,000 Convertible Seventeen Year 4% Collateral Trust Bonds were converted into 145,512 shares of Ordinary Capital Stock.

The foregoing transactions resulted in a net increase of $48,337,500 in funded debt, an increase of $43,626,600 in the amount of Consolidated Debenture Stock pledged as collateral, and an increase of $3,637,800 in the amount of Ordinary Capital Stock outstanding.

Pensions and Other Benefits

Pension expense amounted to $22.3 million, an increase of $1.0 million, or 4%. This outlay comprised the portion of pension allowances currently paid by your Company, a contribution of $6.4 million to the Pension Trust Fund, and levies in respect of employees covered by the United States Railroad Retirement Act.

Contributions by your Company in respect of employee health and welfare benefit plans and unemployment insurance amounted to $5.1 million. This compared with $4.7 million in 1957.

Wages and Working Conditions

Early in the year your Company affirmed its intention to implement the Report of the Royal Commission which had found that firemen were not required by your Company on diesel locomotives in freight and yard service. A strike called by the firemen's union was terminated on May 13, after three days' duration, by the signing of an agreement. It provided that firemen having seniority prior to April 1, 1956, would continue to work as such, but would not be replaced, and that while the employment of those having seniority from that date onward would be terminated, they would be given preference for re-employment with your Company in other capacities.

Following authorization of an increase in freight rates by the Board of Transport Commissioners, agreement was reached with the unions representing the non-operating employees for increases in wages and benefits on the basis of recommendations of the Conciliation Board to which the dispute had been referred. The agreement, effective until December 31, 1959, provided for wage increases of 4c per hour from January 1, 1958, 3% from September 1, 1958, and 3% from April 1, 1959; an increase to $4.87 from $4.25 in the monthly contribution paid by your Company per employee for health and welfare benefits; and an increase in vacation with pay to four weeks from three weeks for employees with 35 years or more service.

Requests were made by unions representing operating employees for wage increases amounting to 25% for conductors, trainmen and yardmen, and 18% for locomotive engineers, firemen and hostlers, and for a number of changes in operating rules. An agreement effective to January 1961 was reached with locomotive engineers on Eastern Region providing for wage increases of 4c per hour from July

CANADIAN PACIFIC RAILWAY COMPANY

GENERAL BALANCE SHEET, DECEMBER 31, 1958

ASSETS

Current Assets:		
Cash	$ 38,692,145	
Temporary Cash Investments	41,528,531	
Special Deposits	4,893,937	
Agents' and Conductors' Balances	22,690,176	
Other Accounts Receivable	19,987,191	
Material and Supplies	44,942,276	
		$ 172,734,256
Deferred Payments and Mortgages on Properties		8,137,922
Unsold Lands and Properties		9,332,178
Insurance Fund		13,188,540
Deferred Debits:		
Prepaid and Unadjusted Charges	$ 4,788,088	
Unamortized Discount on Funded Debt	4,526,814	
		9,314,902
Investments:		
Controlled Companies	$ 125,075,121	
Other Companies	38,122,158	
		163,197,279
Properties:		
Railway	$2,053,450,358	
Communications	57,303,370	
Hotels	72,160,713	
Steamships	84,706,552	
Other Properties	11,044,742	
		2,278,665,735
		$2,654,570,812

LIABILITIES

Current Liabilities:		
Accounts Payable and Wages Accrued	$ 51,422,777	
Taxes Accrued	14,946,532	
Dividends Declared	12,628,696	
Other Current Liabilities	11,538,747	
		$ 90,536,752
Deferred Liabilities		3,380,902
Deferred Credits and Reserves:		
Deferred Credits	$ 4,081,852	
Tax Equalization Reserve	35,000,000	
Insurance Reserve	13,188,540	
Investment and Other Reserves	6,380,714	
		58,651,106
Provision for Depreciation		903,544,379
Funded Debt		192,471,000
Debenture Stock		292,548,888
Shareholders' Equity:		
Preference Stock	$ 137,256,921	
Ordinary Stock	355,294,575	
Premium on Stock	37,999,049	
Donations and Grants	79,094,901	
Retained Income (Balance)	503,792,339	
		1,113,437,785
		$2,654,570,812

Auditors' Report to the Shareholders of Canadian Pacific Railway Company:

We have examined the above General Balance Sheet of the Canadian Pacific Railway Company as at December 31, 1958, and the related financial statements, and have obtained all the information and explanations we have required. Our examination included such tests of accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion the General Balance Sheet and related financial statements are properly drawn up so as to present fairly the financial position of the Canadian Pacific Railway Company at December 31, 1958, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Montreal, March 6, 1959

PRICE WATERHOUSE & CO., Chartered Accountants.

S. J. W. LIDDY, *Comptroller*

14, 1958, 3% from March 14, 1959, and 4½% from October 14, 1959; for certain rules changes and reductions in arbitraries; and for an additional paid statutory holiday in yard service. Negotiations with locomotive engineers on Prairie and Pacific Regions were continued. Negotiations with the firemen's union, which attempted to revive the issue of the use of firemen on diesels, were not successful, and the union requested that the matter be referred to a Board of Conciliation to hear all items in dispute. The Minister of Labour has advised that the terms of reference to the Board will not include the diesel issue.

Disputes over wage rates and other matters led to a strike by personnel of your British Columbia Coastal Steamships service from May 16 to July 26. Service was resumed under terms of an Act passed by the Parliament of Canada placing the operations under control of a Federal Administrator. Agreements extending to August 1961 were concluded early in 1959, providing for graduated wage increases to September 1960, and for other benefits.

Negotiations with employees of the Royal York Hotel resulted in an agreement, effective until August 15, 1960, providing for graduated wage increases.

Steamships

The keel of your third new passenger-cargo liner was laid on January 27, 1959. This vessel, which will accommodate over 1,050 passengers and will be the largest in your ocean fleet, is expected to enter regular North Atlantic service in the spring of 1961. Passenger carrvings of your passenger-cargo liners were well maintained, having regard to prevailing conditions.

The "Empress of England" completed a successful first season in West Indies cruise service, having replaced the "Empress of Scotland" which was sold early in 1958. Because of the increased capacity of the new vessel, and the higher standard of its facilities, the number of cruise passengers reached a post-war high.

Cargo operations between United Kingdom and Great Lakes ports, which were inaugurated in 1957 with two small chartered vessels, were continued in 1958 with four such vessels. With the opening of the St. Lawrence Seaway in 1959, it is planned to operate this service with four chartered ships, but two of these will be slightly larger and faster than those operated in 1958.

Three of your coastal steamships were sold during the year. The "Yukon Princess", formerly assigned to the Alaska service, was sold in April. The "Princess of Alberni" and the "Queen of the North", which had served the West Coast of Vancouver Island and Northern British Columbia ports, respectively, were sold in July.

Air Lines

Your Air Lines had a net loss of $1.9 million after taking up profits of $412,000 from the sale of aircraft, buildings and equipment. This loss reflects the operation of restricted frequencies on light-density routes which is an outgrowth of the fact that the Government-owned Air Line has been given the overriding right in the international field as well as being the chosen instrument domestically.

Revenue from domestic services decreased 21%. Certain schedule and charter services were discontinued in 1957 and there was reduced activity in the British Columbia forest and construction industries. A new service from Vancouver to Kelowna, using DC-3 aircraft, was introduced in the summer of 1958.

Revenue from international services increased 29%. All routes showed substantial improvements in traffic, with the Mexico-Madrid and Vancouver-Orient services recording the greatest increases. The addition of Edmonton as a traffic point on the Vancouver-Amsterdam route and of Santa Maria on the Montreal-Madrid route; the introduction of Britannia aircraft on services between Vancouver and Europe, the Orient and Honolulu; and special fares all contributed to this improvement.

New equipment placed in service during the year consisted of six Bristol Britannia turboprop and four DC-6A aircraft, together with one Britannia and one DC-6 flight simulator. Five DC-3 aircraft were sold, leaving a fleet of 41 aircraft at the year end.

As a result of the application filed with the Air Transport Board in 1957, and in accordance with the Board's Report following public hearings, your Air Lines will be permitted to operate a transcontinental service, limited to one flight per day in each direction, between Vancouver, Winnipeg, Toronto and Montreal.

Canadian Pacific Oil and Gas Limited

Your wholly-owned subsidiary Canadian Pacific Oil and Gas Limited, incorporated January 3, 1958, issued shares of its Capital Stock to your Company in exchange for certain mineral rights.

In its first year of operation your Oil and Gas Company received $687,000 from the mineral rights transferred from the Parent Company. Royalties were received on 1.9 million barrels of crude oil from 299 producing wells. Ten gas wells were drilled of which six proved to be commercially productive and are presently capped. In addition, working interests averaging 37½% were acquired in three commercially productive gas wells drilled by other companies under farmout agreements.

An agreement providing for the sale to Trans-Canada Pipe Lines Limited of gas to be produced from wells in the Province of Alberta has been signed, and delivery thereunder is expected to commence late in 1959.

United States Subsidiaries

Income from your holdings of General Mortgage Income Bonds and Common Stock of the Minneapolis, St. Paul and Sault Ste. Marie Railroad Company, amounted to $483,000. Of this amount $131,000 was from interest and $352,000 from dividends. The net income of that Company in 1958, after provision for fixed and contingent charges, was $2.0 million, an increase of $334,000.

Interest income amounting to $115,000 was received from your holdings of First Mortgage Income Bonds of the Duluth, South Shore and Atlantic Railroad Company. The net income of that Company, after provision for fixed and contingent charges, amounted to $134,000, while in 1957 income was not sufficient to meet contingent charges in full.

Income from your holdings of First Mortgage Bonds, General Mortgage Income Bonds, and Common Stock of the Wisconsin Central Railroad Company amounted to $601,000. Of this amount, $518,000 was from interest and $83,000 from dividends. The net income of that Company, after provision for fixed and contingent charges, amounted to $441,000, an increase of $251,000 over 1957.

Rates

On September 16, an application was submitted to the Board of Transport Commissioners for a 19% interim increase in the general level of freight rates to cover additional costs that would be incurred on wage settlement with your non-operating and other employees. A judgment was issued by the Board on November 17 authorizing an increase of 17% effective December 1, to which reference has been made earlier in this Report. The application also requested such additional relief as would permit attainment of the permissive level of earnings established by the Board as fair for your Company. Hearings will commence on this section of the application on May 19, 1959.

Increases in freight rates averaging 3% granted to railroads in the United States were made applicable in Canada to international, overhead and certain import, export and related traffic, effective February 15, 1958, by authorization of the Board of Transport Commissioners.

Your Company continued to secure competitive freight traffic through negotiation of agreed charge contracts. One hundred and thirty-five such contracts were put into effect, the largest number in any one year, bringing to 364 the number in effect at year end.

Railway mail rates were increased 17% effective December 1, and there were increases in certain express rates.

Services

During the year, 122 diesel units were acquired in the furtherance of the diesel locomotive programme. These comprised 106 diesel-electric road switchers and 11 diesel-electric and 5 diesel-hydraulic yard switchers. The third stage in the gradual enlargement of the diesel maintenance shop at Montreal, to keep pace with the increasing use of diesel power, was completed, and an extension to the maintenance shop at Calgary was near completion and was in operation at the end of the year.

New freight train cars numbering 2,091 were placed in service, including 300 flat cars equipped for piggyback service. In addition 300 refrigerator cars were modernized to meet traffic requirements.

Twelve rail diesel cars were added to your passenger train fleet. At year end there were 55 of these cars in service operating on 4,400 miles of route.

The track replacement programme included the laying of 547 miles of new and relay rail, the installation of 1.8 million ties and the re-ballasting of 317 miles of track. Automatic block signals were installed on 53 miles of road, bringing to 3,267 the total mileage so equipped. The installation of a centralized traffic control system was completed on an 87-mile section of the line between Montreal and Toronto which permits the direction, by means of remotely controlled signals and switches, of trains over the main line or into sidings, thereby increasing the efficiency and capacity of the line. The construction of two vertical lift bridges and related works for the St. Lawrence Seaway Authority at the location where your railway crosses the seaway near Montreal was virtually completed.

The common carrier piggyback service, introduced between Montreal and Toronto in October, 1957, was extended to New Brunswick, to the head of the Great Lakes and into Western Canada.

Your Company added to its highway operations by acquiring control of Smithsons Holdings Limited, which Company wholly owns Smith Transport Limited, Canada's largest trucking concern, and a number of related companies in the highway transport business.

Top priority was given to the co-ordination of rail and truck operations with a view to effecting complete integration of merchandise traffic services. A new department, Merchandise Services, was set up to study, plan and implement by progressive steps the necessary changes in organization, administration, methods of operation, facilities and equipment.

During the year, 591 new manufacturing, warehousing and distributing businesses were located on or adjacent to the lines of your railway. Of these, 151 required industrial trackage, and a total of 31 miles was constructed to serve them.

A fifth consecutive award for public safety was received from the National Safety Council in Chicago, and the constant endeavour of your Company to provide safeguards against injury continues to meet with gratifying results.

Construction has been completed of buildings at Nelson and Winnipeg to accommodate communications and other departments.

The new extension to the Royal York Hotel was formally opened on February 21, 1959. This extension has added 400 new rooms, bringing the total to 1,600, and provides additional banquet and convention facilities.

Telex, the teleprinter exchange service operated jointly with Canadian National was extended through arrangements with the Western Union Telegraph Company to connect with points in the United States. This service, which has received wide acceptance, now links a network of subscribers in Canada, United States, United Kingdom, Europe, Africa, Australia, Japan and South America. The television network, also operated jointly with Canadian National, was extended to include Trois Rivières.

Integrated Data Processing

During the year, further important segments of the paper work of your Company were mechanized, using the high speed electronic computer. Emphasis in the Integrated Data Processing programme moved to refinements in presentation of output, and the provision of entirely new information, as a more effective tool for management.

The first application of simulation of physical operations on the computer was completed, and the results are being brought into use. Studies along these lines are being directed toward determining maximum utilization of motive power and car equipment, evaluation of factors in design of terminal facilities, and other problems where the computer can be used to assist management to select from a number of different possible courses of action, that which will lead to the highest degree of operating efficiency.

Capital Appropriations

Capital appropriations amounting to $10.4 million, in addition to those forecast in the last Annual Report, were authorized by your Directors during the year. These included $3.3 million for the purchase of the 300 flat cars for piggyback services, $1.4 million for 6 rail diesel cars and spare components, $1.0 million for construction of new trackage and $1.6 million for additions and replacements to communication facilities.

It is anticipated that capital appropriations for the year 1959 will amount to $78.9 million.

The appropriations for rolling stock include provision for 64 diesel locomotive units and 2,150 freight cars, comprising 1,500 box, 500 trailer flats, and 150 covered hoppers.

Patrons, Officers and Employees

Your Directors welcome this opportunity to express once again to shippers and the travelling public appreciation for their patronage of Canadian Pacific services throughout the year and to acknowledge the continued efficiency of officers and employees which is so essential to the progress of your Company.

For the Directors,
N. R. CRUMP,
President

Montreal, March 9, 1959.

Indians

CONTINUED FROM PAGE 11

own money that would enable them to do so is kept well out of reach of their hands."

What most shocked the Six Nations, however, was the violence by which the revolution was suppressed. "We made it clear all along that we would not use violence," sadly commented Chief Sylvanus General, "and we did nothing that would hurt anyone. The Mounties also promised that they would not use violence, but they broke their word."

In fact it was only restraint exercised by the chiefs under severe provocation that averted bloodshed when a force of about 100 Mounted Police swooped down on the Six Nations council house, clubbing and punching and striking out indiscriminately. Their action caused dismay far beyond the boundaries of the Six Nations Reservation.

"There is no doubt that some of the Six Nations people were beaten by the

RCMP," commented Senator James Gladstone of the Alberta Blackfoot tribe. "I saw scars received from the police by four young women and two men. They were beaten."

The Elected Council is now back in authority, backed up by the RCMP. But this does not mean that the trouble is ended. The courts still have to make a decision as to whether the Elected Council or the Hereditary Chiefs is legal authority among the Six Nations.

"Even if the court decision goes against the Chiefs," says Mr. Montgomery, "it will not affect their status as far as the majority of their people are concerned."

Actually the situation is much worse than it was before. Because of the way the situation was handled the Six Nations people have withdrawn even more into themselves, feeling a little more bitter, a little more hopeless, a little less inclined to cooperate. This is a matter affecting not only the hereditary chiefs and their supporters.

Even a leading member of the Elected Council, Councillor Clifford Styres, has sharply criticized the white man's attitude that the Indian is an irresponsible ward of the Government. And a highly respected resident of the Brantford Reservation, Elliot Moses, who as a Delaware has not taken sides in the dispute between the Chiefs and the Council, says that Canada's Indian Act has "created a second-class people, because it is based on the assumption that the Indian is not equal with his fellow whites. That has been one of the great crimes which the white man has committed against the Indian—one that the Indian is still trying to eradicate."

This concerns the white Canadian every bit as much as it concerns the Indian. The reputation of Canada among the peoples of the world has already suffered from the way we have treated our original inhabittants, and it will suffer still further if events such as what happened last month at Brantford are to be repeated. In a world where the power of the white man is not as overwhelming as it once was, and where the numbers of the white man have always been in a minority, Canada cannot afford to be regarded as practising the doctrine of white supremacy in its most objectionable form, as we have been doing whether consciously or not.

The solution is not, as has been suggested, the abolition of the Reserve system, throwing the Indians forcibly into the white man's world to sink or swim as Canadians.

"We are not seeking to become Canadian citizens," say E. P. Garlow, the Chief Councillor of the Elected Council on the Brantford Reservation. "We already belong to an ancient confederacy that had achieved a form of working democracy before the Paleface was in North America. Do we have to give up this heritage in order to win equal status with citizens of a much younger nation? Can we not retain our national identity and still be treated as human beings?"

In other words, the Indian must first of all find his salvation as an Indian, and the reservations still have an important function in giving him a refuge in which to find himself, in his own good time.

"The Indian must get back the pride and dignity of his race," says Dr. Gilbert Monture, the distinguished Ottawa scientist and industrialist who was born on the Brantford Reservation, "and these must be restored by the men who took them away—the men who brought to the Indian the musket, the gunpowder, the devastating firewater and, equally devastating, the black robes teaching a hell after death instead of a happy hunting ground."

The people of the Brantford Reservation have already made some progress along these lines, by reviving their ancient handicrafts, and by staging an annual historical pageant in August, the Moon of the Green Corn. Two years ago classes were started to revive and perpetuate the Mohawk language, the common language of the Six Nations, which was in danger of dying out.

"We are particularly pleased that these classes are attracting a number of school children," says Miss Julia Jamieson, a retired teacher who was the leading figure behind this Mohawk revival. "And we are also happy that these classes have been instrumental in writing down, and thus preserving, a number of old Mohawk songs."

Dr. Monture has urged that the white man should help in these efforts, perhaps by allocating some Canada Council funds to enable skilled research workers to join forces with the Indian teachers. It should also be possible for the schools on the reservation to teach Six Nations history and literature and music, instead of leaving these to be taught, if they are taught at all, by volunteers during spare hours. Dr. Monture has also suggested that the birthplace of the Indian poetess E. Pauline Johnson on the Six Nations Reservation be restored and made into a centre of Iroquois culture, "a place to inspire, record, and preserve the creative talent of the Indian, which would enrich the entire culture of Canada."

It is only in this way, by treating him as an equal and giving him a dignified choice, that the Indian will in the long run become an integral part of Canadian society. Two centuries ago the Six Nations became our allies of their own free will, and remained true to our cause through thick and thin. They would be equally willing to become part of our family, if they could do so with dignity and of their own free will. What they resent now is that the only choice apparently open to them is to renounce their heritage and join in the mad scramble of our Western civilization, or remain Indian and sit on the sidelines as inferior, and subject, beings—which is not a choice at all in any real sense of the word.

Volcano

CONTINUED FROM PAGE 17

powers are in effect and internal security measures will be tightened. The continuing high sale of firearms would contradict this, and fear among Africans is obvious.

Fear is all too clearly dictating local government action as well. In his first major speech after the emergency was declared (he said nothing for the first nine days) Sir Roy Welensky produced his now-familiar "Communist threat" scare, blaming the Nyasaland trouble on the Accra Conference. His reference to majority rule as a "canard", and his dismissal as "hackneyed" of such phrases as "You cannot rule by bayonets and bullets" and "majority rule must eventually take place" cast strong doubts on the sincerity of his attitude to partnership.

This government fear is shown more graphically in one of the few funny stories about the crisis. A visiting journalist, just before the emergency, remarked to a colleague based here, that the one thing that impressed him in his interview with Welensky was how easily the Prime Minister could be assassinated, sitting at the open window of his downtown office. Within 24 hours a brick wall was going up around the office, "the fastest brick-laying job in the Federation" the press reported proudly. And the Prime Minister, when asked why the wall was built, told a reporter that he was "tired of the sound of crunching gravel."

But the fundamental—and frightening—question behind all this is, where will it lead? Can African political awareness, now just beginning to burgeon in Central Africa, ever be stopped? The illustration of the lid on the pressure cooker is a familiar but apt one. Here, South African police tactics are only building up the pressure of resentment and turning African moderates into extremists. "The bridges are down, the lines are drawn", South Africa's only African lawyer said the other day. "I almost hope for arrest."

Thirty-eight men were shot dead in the Federation during the February disturbances. With the present feeling in the country there is a danger that Nyasaland will become another Cyprus or Kenya. Sir Roy Welensky and his federal government will have to be less blind than they have been to avert further troubles. But they may already have lost contact with the overwhelming majority of the negroes whom they once set out to govern, in "partnership".

Freight Rates

CONTINUED FROM PAGE 21

DOES THE RAILWAY TAKE ANY LINE ABOUT SUBSIDIZING PARTICULAR PRODUCTS SUCH AS GRAIN?

It is not the railway's business to say whether any particular product or area should get freight subsidies. That is a matter for Parliament. But the railway believes that if there are to be subsidies, they should be straight subsidies direct to the shipper. They should not be subsidies to the railway. Nor should they be subsidies to one class of shipper at the expense of another.

JUST ONE POINT BEFORE WE LEAVE THE CROW'S NEST PASS AGREEMENT. I SEE FROM THE ORIGINAL THERE IS SOME MENTION OF LAND. DID THE RAILWAY GET ANY LARGE ACREAGES OF LAND UNDER THE AGREEMENT? IF SO, SHOULD NOT THIS BE BROUGHT INTO ACCOUNT WHEN CONSIDERING RATES?

The railways got no land under the agreement. If you will read it you will see that, on the contrary, it required the Canadian Pacific to sell to the public at reasonable rates, any land it might get from the province of British Columbia. But if it got any coal-bearing land from that province, a portion of it was to be conveyed to the federal government free, up to 50,000 acres, and the federal government had the right to select these 50,000 acres. Some land was obtained from British Columbia as a result of building the railway and it was disposed of in accordance with the Crow's Nest Pass Agreement. So the advantage to the company was slight, and not permanent.

WHAT ABOUT OTHER ANOMALIES? THE WESTERN PROVINCES CLAIM THEY ARE UNFAIRLY DONE BY WHEN FREIGHT RATES ARE INCREASED SINCE—THEY SAY—INCREASES DO NOT APPLY TO RATES CALLED COMPETITIVE RATES AND AGREED CHARGES, WHICH ARE SAID TO FAVOUR THE PROVINCES OF QUEBEC AND ONTARIO?

With few exceptions competitive rates have been increased like other rates. Agreed charges are also increased where they contain escalator clauses. If they do not, they are increased when the agreement covering them is renewed. Let me explain: competitive charges are rates made to compete either with water or road transport, and without them the railways would not get the business. Agreed charges are charges made when a shipper agrees to send the whole, or a major portion of his freight by the railway. It just isn't true that these rates do not carry increases. Indeed, the railways get more revenue per ton-mile from traffic carried under agreed charges than from any other class of traffic.

IS THERE ANY DIFFERENCE BETWEEN RATES IN THE WEST—APART FROM GRAIN—AND RATES IN THE EAST?

Historically rates in the west have been higher. This arose from opening up a sparse country thinly populated. But the discrepancies were partly removed in 1914 and since then rates have been brought much closer. Between 1914 and 1958 Pacific rates have increased 198 per cent and Prairie rates by 286 per cent, but rates in Quebec and Ontario went up by 388 per cent. Since the Railway Act of 1952, it has been the declared objective of the National Freight Rate Policy that, with certain exceptions, rates throughout Canada shall become the same for like traffic over like distances. (Exempted from "equalization" are international rates [Canada-U.S.]; rates on imports and exports through Canadian ports when related to rates through U.S. ports; competitive rates; agreed charges; and Maritime rates.)

HOW FAR HAS EQUALIZATION GONE?

The Board of Transport Commissioners reported last December that class rates on over 8,000 groups of commodities were equalized in 1955. These are basic rates across Canada. Commodity rates for 20 commodities were reviewed and orders issued. Other items were under consideration.

WHAT ABOUT THE TRANSCONTINENTAL COMPETITIVE RATES ABOUT WHICH ALBERTA COMPLAINS?

These are rates to British Columbia which are fixed to enable eastern manufacturers to compete there with goods shipped by sea from the United Kingdom or Europe. The rates are also meant to protect the railways against shipping from eastern Canada to Vancouver through the Panama Canal. There is some force to Albertans' complaints that goods are shipped right past their doors at rates cheaper than those they have to pay. But without these rates Canadian manufacturers would be at a disadvantage in the British Columbian market, and the railways would lose business. A concession to the Albertan point of view was made in the Railway Act of 1951. This act limited charges to points in Alberta to the transcontinental competitive rates plus one-third. However, this limitation of the railway's freedom to publish competitive rates has resulted only in loss of revenue to the railways with no comparable benefit to the people of Alberta.

THE MARITIMES HAVE THEIR SUBSIDY. HAVE THE WESTERN PROVINCES ANY ADVANTAGES IN FREIGHT RATES, APART FROM THE RECENTLY ANNOUNCED SUBSIDY PROPOSAL?

Indeed they have. Most important of all, the low Crow's Nest grain rates, and, in addition, there is the east-west bridge subsidy of $7 million per year paid by the federal government to reduce the taxes on certain traffic moving between eastern and western Canada.

WHAT IS THE MAIN NEED FOR THE RAILWAYS NOW ON FREIGHT RATES?

Relief from subsidizing grain through the Crow's Nest Pass rates. The Canadian Pacific President, N. R. Crump, has pointed out that Canadian Pacific Railway revenues for 1958 were down four per cent, although freight traffic volume was down only one and a half per cent. This was because of a major increase in the movement of low-rated grain and grain products. There was a saving of four per cent in expenses through reductions in maintenance costs and savings produced from large capital expenditure. But you can see that this saving was largely dissipated through carrying an unfair burden in low-rated grain.

Quebec

CONTINUED FROM PAGE 13

Laurier over the dispatch of troops to the Boer War and was a thorn in the flesh of every government after that.

Drapeau worked with Pacifique Plante in the vice probe under Justice Caron, who pronounced the case against the police proven. The Civic Action League was formed to put the conclusions of the probe to political effect. It swept Drapeau into the Mayoralty in 1954 with a 54,000 majority. After a stormy rule, he was beaten with National Union aid to his opponent. He still thinks he was robbed.

But a municipal campaign on the single issue of good government versus police corruption is very different from an attempt to organize a province-wide third party on the question of changing the national constitution to give the provinces more power than they have now, regardless of what becomes of Canada in the process. Montreal Liberals who were members of the League have promptly quit, and so have other supporters. Quebec is not convinced that, as he maintains, the two old parties are but two sides of the same coin, that it is "the system" of political patronage that must be uprooted, and that this can only be done by his prescripion.

The ordinary Quebec voter is a down to earth person, who wants mainly to be let alone to speak his own language, and attend his own church, as no one prevents him from doing. He sees many benefits coming from the Federal Government, unemployment insurance, baby bonuses, old age pensions, and so on. He sees too that the foreign ownership of the big companies he works for has been fostered quite as much by provincial as by federal authority.

The surge into the cities, the transformation of the farmer into industrial worker, so that only a fifth of the Quebec population is now on the farms, changes the

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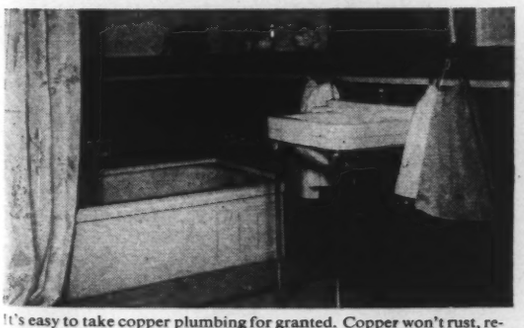

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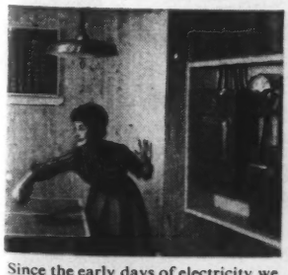

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French Canadian outlook. To be sure, a country riding with three or four thousand voters may have the same weight as a city one with 100,000, in a provincial contest. But even the villages are adapting themselves. The nation-wide interest in learning better French, the widespread use of English in Quebec, the friendlier feeling evident toward Quebec in the West, soften some of the old separateness. How much of the old anti-English feeling persists is the crucial question.

Drapeau is in many ways an attractive and interesting figure. There is no question of his courage, his honesty, or his sincerity. Nor of his stubbornness. The Liberals have not given up hope of wooing him, or as they would put it, of making him see sense. Meanwhile, whistling in the dark, they comfort themselves by saying, "Those fellows will pull more votes from Duplessis than from us. They wouldn't vote for us anyhow, those dyed in the wool nationalists." The Premier makes no claims, but privately his henchmen chuckle at the sight of the split opposition, and expect to sweep into office again with "le chef" at their head. The year ahead will be one of tough infighting. The sound of the long knives being sharpened is heard in the land.

Big Farms

CONTINUED FROM PAGE 15

job that was wanted, were often shy of tying themselves down to such contracts. Farmers who might have jumped at the chance offered by such contracts many times lacked just these three basic requirements.

Into this breach, food processors and feedstuff concerns began to pour both funds and supervision. Mr. Leatherbarrow merely opened up to public view a situation which was already developing rapidly.

In the main, farm opinion has sided against this influx of outside control to the industry. H. H. Hannam, president of the Canadian Federation of Agriculture, has put it this way: "I do not believe that the present trend toward contract farming is a good thing . . . it will tend to take control of farm marketing out of the hands of the producers. It would have a tendency to permit the control of marketing and selling to pass largely into the hands of non-farmers, private businesses and corporations—often giant corporations. Eventually this could mean a new type of enslavement for agriculture producers."

The CFA, which has long been an ardent supporter of producer marketing boards as a means of placing farm commodities on the market, has been concerned enough to initiate its own studies of the vertical integration problem.

Understandably enough, Canada's minister of agriculture, D. S. Harkness, was more inclined to hedge on the question:

"Contract farming may offer some advantages," he said. "First, it provides a source of credit in the form of feed and livestock. Capital requirements in farming are very high and this source of credit allows farmers to use scarce capital elsewhere.

"Secondly, some of the credit risks ordinarily carried by farmers are usually transferred to the agency providing the contract. Finally, new techniques of production are sometimes adopted more quickly under contract arrangements, and this would tend to make some of the farming operations more efficient."

In the last analysis, of course, the speed with which contract arrangements are made for food production will depend on attitudes of individual farmers themselves. On this score, they have shown themselves over the years to be highly reluctant to accept outside forms of financing, particularly if any suggestion of supervision is attached. Somewhere in the past a large part of the farm population has had instilled into it a horror of indebtedness, something it considered as a last resort.

The chartered banks of Canada spend thousands of dollars each year to advertise the availability of funds under the Farm Improvement Loan Act. Yet, though this legislation currently authorizes use of up to $300 million of loan capital the annual amount loaned averages around $70 million. The Canadian Farm Loan Board, which specializes in long term loans, has a miximum lending capacity of $110 million. As of March 31, 1958, outstanding loans totalled less than $70 million.

Frank Chester, farm loan board commissioner, once told an editor that the majority of farmers applying for loans did not begin to understand the functions of the board and often confused it with the Farm Improvement Loan Act. Work of his appraisers, he pointed out, was often made difficult because many farmers failed to keep adequate records of their operations. Most farmers, he believed, needed a good course in farm management.

The one federal agency which has established an impressive record in farm lending is the Veterans' Land Act administration. Here, significantly, another factor has been introduced — supervision. VLA recently carried out a survey of 5,000 of the farms which it had financed, carefully checking with the operators the problems in management and financing which had arisen since the original loans were made after the war. Most farmers it appeared, needed more capital to operate comfortably.

Talks with VLA credit advisors pinpointed where such money could best be used and indicated what changes in farm practices might be necessary. The general forecast: VLA farmers would tend to turn away from cash crops of wheat and coarse grains, oil seeds and row crops and would concentrate on more fruit production and more livestock, particularly beef cattle, hogs and sheep. This would match greater demands for protein foods as opposed to carbohydrate foods.

Oddly enough, this form of government supervised financing does not appear to irk farm organizations as much as basically similar financing from private sources When the CFA presented its annual brief to the federal-provincial agricultural conference last November, it asked for a credit program which would closely follow the line of that now operated by VLA.

"An adequate farm financing program," the brief suggested, "must not only provide credit at reasonable rates and on fairly liberal terms to agriculture generally, but must also have a program adapted to the needs of the beginning farmer and the badly undercapitalized farm. Such a program will require administrative machinery *for advice and help and undoubtedly some supervisory features.*"

If the CFA's stand can be taken as representative of Canadian agriculture, it would seem that the nation's farmers have more faith in government supervision than in the guidance of financiers from private industry. This is the attitude which has brought the farm credit bill to parliament.

Meanwhile, pressures in the food producing industry continue to build up. Demand for carefully planned, specialized, quality production increases; profit margins narrow, continually squeezing out the small and inefficient operators. It seems inevitable that this process will continue, regardless of who finances agriculture. Farmers who fail to realize this may manage to hang on to their farms; their sons won't.

What is needed is a better educational program and an improvement of relations between the "grass roots" of the farm industry and the economy as a whole. In a business sense, Canadian agriculture is growing up to take its place beside other industries and it is time both rural and urban dwellers realized this. Banks and other lending institutions could do much more toward this end in encouraging farmers to assume a business-like approach toward their operations.

Even more vital is the need for courses in farm credit and farm management—at the secondary school level where most of our future farmers end their schooling. A much better understanding of the forces now shaping agriculture's future will be needed if tomorrow's farmers are to retain any semblance of the independence which their ancestors have so long cherished.

Point of View

The Wage-Cost Spiral

TWO OR THREE YEARS ago, in the 1955-6 boom, Canada's remarkable growth earned it the title "wonder country". In the U.S. and European press, Canada was "the fastest developing nation in the world". Within a year and a half, some $2,500,000,000 of outside money, U.S. and European, poured into Canada for investment in factories, commerce, real estate, stocks and bonds. Total outside capital investment, mainly U.S. and British, but including German, French, Belgian, Swiss and Italian, grew to about $17 billion. Canada was the haven for investment.

Now, with a breathing period on us, it is possible to assess the character of this growth. In the twelve years since 1946, tremendous changes have occurred in Canada's economy. The accompanying table, covering major economic factors, gives the highlights of these changes.

The verdict that seems inescapable is: While physical volume of business has about doubled, the rise in prices has swollen the dollar figures by at least 50%. In this twelve-year period, the Canadian wholesale price index has only increased by 67%, and the consumer price index by 63%. The enormous increases of 150% up to 200% relate chiefly to the money factor. Therefore what we call present "inflation" is largely the consequence, not of money supply, but of the wage-cost-price spiral. And this is dangerous.

As the third or fourth international trading nation of the world, doing some $10 billions of external trade, Canada is in a vulnerable position when it comes to high costs of production—higher costs than those incurred by competing producers, say in Europe or Japan, have.

This enormous expansion of the postwar period, particularly in industrial output at ever-mounting cost, has brought us to a precarious position. True, as long as the United States, which takes 60% of our exports, keeps on with its own inflation, with costs and prices rising, increased costs in this country for export materials and goods may be passed along to U.S. importers. But there are many signs that the squeeze of high costs, and marketing problems, is driving U.S. business into a fight for all-out protectionism. We are headed for many more difficulties in expanding our export business.

The fact that capital investment in Canada for 1959 is remaining close to its postwar high, at about $8.35 billion, with 55% in the private investment category, assures a reasonably good business year, with further growth in many sectors of the economy. But we shall face considerably more of what is termed "inflation"—despite all the furore against it—because Governments are still spending money at an excessive rate, to counter serious unemployment—and because no way has yet been found to hold monopoly labor unions in check.

Taxes, overall, are increasing sharply, adding to basic costs, and leading inevitably to higher prices, as well as to fresh demands for bigger wages and salaries. A new flood of cheaper imports, particularly from Europe, is in the offing, as, for instance, the 75,000 imported motor cars a year that now take up 20% of the Canadian market. The opening of the St. Lawrence Seaway will undoubtedly bring in a lot of steel priced $25 to $30 a ton under Canadian levels.

In sum, the big postwar growth this country has enjoyed has brought a great deal of individual prosperity to Canadians, as shown by the unprecedentedly extravagant levels of real estate prices, and the record high levels of stock prices.

Our rate of growth, over the near term, cannot be as fast or vigorous as it has been over the last few years. The built-in inflation we now have is working too much against us for that as the figures show. We should be aware of this and prepared to plan against it if we are to expand rationally and solidly over the next decade.

GEORGE W. AUSTEN

Canada's Post-War Growth

		1946	1958	% Growth
Population		12,300,000	17,250,000	24
Civilian Labor Force	(Dec)	4,795,000	6,120,000	28
Employed	(Dec)	4,692,000	5,580,000	21
Wage and salary income	(M) $	5,322	16,180	200
Per employed worker	(annual) $	1,140	2,830	148
Average Weekly Pay Mfg.	$	32.50	72.00	122
Average Hourly Pay Mfg.	$	.70	1.67	140
National Income	(M) $	9,796	24,800	151
Output Goods and Services (Gross National Product)	(M) $	11,936	32,388	171
Money Supply	(Dec) (M) $	7,501	13,247	76
Notice Dep. in Banks	(Dec) (M) $	3,459	6,844	97
Demand Dep. in Banks	(Dec) (M) $	2,290	4,303	90
Exports	(M) $	2,316	4,928	116
Imports	(M) $	1,932	5,196	169
Mfr's Shipments	(M) $	8,035	21,645	169
Railway Revenue Carloadings	(T)	3,691	3,775	2
Retail Sales	(M) $	6,350	15,250	144

(M)—Millions. (T)—Thousands.

Sources: *Dominion Bureau of Statistics, Bank of Canada.*

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